# What the Railway Mail Pay Problem Means to the Railroads


I. Introduction.

II. A review of events following the inquiry of 1909.

III. The situation which the railroads are now facing.

IV. Recommendations of the Committee on Railway Mail Pay.

V. The present law and proposed legislation.

VI. Chronology of the laws, practices and inquiries affecting railway mail pay.


**A Statement Presented to the Chief Executives of the Railroads by the COMMITTEE ON RAILWAY MAIL PAY**

---


**Republished June 15, 1915, with resolutions adopted at a conference of Railroad Executives held May 20, 1915, at New York City**

# Committee on Railway Mail Pay

75 Church Street, New York City

•:•

RALPH PETERS (Chairman)
President, Long Island Railroad

CHARLES A. WICKERSHAM
President and General Manager, Western Railway of Alabama

W. W. BALDWIN
Vice-President, Chicago, Burlington & Quincy Railroad

W. W. ATTERBURY
Vice-President, Pennsylvania Railroad

E. J. PEARSON
First Vice-President, Texas & Pacific Railway

E. G. BUCKLAND
Vice-President, New York, New Haven & Hartford Railroad

C. F. DALY
Vice-President, New York Central Lines

W. A. WORTHINGTON
Vice-President and Assistant to Chairman,
Southern Pacific Company

EDWARD CHAMBERS
Vice-President, Atchison, Topeka & Santa Fe Railway

W. F. ALLEN, Secretary

# Contents

Pages

I. Introduction (with Resolutions) . . . . . 5-6

II. A Review of Events Following the Inquiry of 1909 7-12

Appearance of Document No. 105, page 8; The Joint Congressional Committee's report, page 9; Introduction of the Moon bill, page 9; Protest of the "short lines," page 10; Moon "rider" fails to pass, page 11.

III. The Situation Which the Railroads Are Now Facing . . . . . 13-30

What disinterested inquiries have shown, page 13; Half the parcel post now carried without pay, page 14; Expansion in scope of parcel post, page 15; Increased traffic not paid for, page 16; Facts of underpayment summarized, page 17; Graver situation possible under Moon bill, page 17; How the Moon bill would operate, page 18; Discretionary features of the Moon bill, page 19; Supplementary provisions of the Moon bill, page 19; Service compulsory under Moon bill, page 20; One cent per ton per mile for parcel post, page 21; Space plan disregards basic rate principle, page 22; Flexibility of space plan not reciprocal, page 23; Some important distinctions as to car space, page 24; Governmental competition *vs.* regulation, page 24; What does public sentiment favor? page 25; What the Joint Congressional Committee held, page 26; Mail and express earnings of the railroads, page 27; The right to a commercial profit from mail traffic, page 28; The Joint Congressional Committee's bill, page 29; Reference to Interstate Commerce Commission, page 29.

IV. Recommendations of the Committee on Railway Mail Pay . . . . . 31-36

Weight system of pay fundamentally sound, page 31; Scientific structure of present rate system, page 32; Car space not a gauge of service rendered, page 33; Opinion vs. service as a basis of pay, page 34; Defects of the present practice, page 35; The remedies suggested, page 36.

# Contents—(Continued)

Pages

V. The Present Law and Proposed Legislation . . 37-63

Summary of the present law, page 37; Present weight rates page 39; Amendment recommended by Committee on Railway Mail Pay, page 40; Joint Congressional Committee's bill, page 41; Moon, or Post Office Department, bill, page 46; Moon, or Post Office Department, bill, as amended by House and Senate conferrees, page 54; Comments upon the Moon bill, page 61.

VI. Chronology of the Laws, Practices and Inquiries Affecting Railway Mail Pay . . . . 64-67

I

# INTRODUCTION

AT a meeting of Railroad Executives, representing approximately 90 per cent. of the entire mileage of the country, held May 20, 1915, at New York City, the question of the compensation paid the railroads for carrying the United States Mails was fully discussed, after which the following resolutions were unanimously adopted:

> "*Resolved*, That the position of the Committee on Railway Mail Pay has the approval of the representatives of the railroads present at this meeting, and that the railways of the United States continue to give their united support to the Committee in its efforts to secure to the railways adequate compensation for transporting the mails.
>
> "*Resolved*, further, That we believe the so-called space basis as proposed in the last Congress is wrong, and susceptible in practice of grave injustice to the railways in denying payment for services rendered.
>
> "*Resolved*, further, That we endorse the views of the Committee on the superiority of the existing weight basis, amended by annual weighing, payment for apartment cars and payment for, or release from, side or terminal messenger service.
>
> "*Resolved*, further, That the Committee on Railway Mail Pay is urged to continue its work on this basis, and to ask Congress to enact a law that will give the Interstate Commerce Commission the same jurisdiction over the mail traffic that it now has over all other traffic of the railroads."

Mr. Howard Elliott, President of the New York, New Haven and Hartford Railroad Company, acted as chairman of the conference. Other Railroad Executives present were:

Mr. A. H. Smith, President, New York Central Lines; Mr. Samuel Rea, President, Pennsylvania Railroad System; Mr. L. E. Johnson, President, Norfolk and Western Railway; Mr. W. H. Truesdale, President, Delaware, Lackawanna and Western Railroad; Mr. George W. Stevens, President, Chesapeake and Ohio Railway; Mr. E. F. Kearney, President, Wabash Railroad; Mr. S. M. Felton, President, Chicago Great Western Railroad; Mr. Walker D. Hines, Chairman Executive Committee, Atchison, Topeka and Santa Fé Railway;

Mr. W. L. Park, Vice-President, Illinois Central Railroad; Mr. N. D. Maher, Vice-President, Norfolk and Western Railway; Mr. E. H. Coapman, Vice-President and General Manager, Southern Railway; Mr. A. C. Needles, General Manager, Norfolk and Western Railway; Mr. G. F. Brownell, Vice-President, Erie Railroad; Mr. G. E. Evans, Vice-President, Louisville and Nashville Railroad; Mr. R. S. Logan, Vice-President, Grand Trunk Railway; Mr. Benjamin Campbell, Vice-President, New York, New Haven and Hartford Railroad; Mr. J. H. Hustis, President, Boston and Maine Railroad; Mr. R. H. Aishton, Vice-President, Chicago and Northwestern Railway; Mr. J. A. Middleton, Vice-President, Lehigh Valley Railroad; Mr. G. M. Shriver, Second Vice-President, Baltimore and Ohio Railroad; Mr. W. W. Baldwin, Vice-President, Chicago, Burlington and Quincy Railroad; Mr. J. M. Gruber, Vice-President, Great Northern Railway; Mr. A. W. Johnston, General Manager, New York, Chicago and St. Louis Railroad; Mr. Robert Frazer, President, Bellefonte Central Railroad; Mr. J. W. Higgins, General Manager, Missouri Pacific Railway; Mr. M. J. C. Wrenne, Superintendent Transportation, Nashville, Chattanooga and St. Louis Railway; Mr. H. E. Huntington, General Passenger Agent, Buffalo, Rochester and Pittsburgh Railway; Mr. W. D. Duke, Assistant to President, Richmond, Fredericksburg and Potomac Railroad; Mr. Moultrie Hitt, Secretary General Managers' Association of the Southeast; Mr. J. R. Kearney, General Superintendent Transportation, Baltimore and Ohio Railroad and Cincinnati, Hamilton and Dayton Railway; Mr. P. R. Albright, Assistant General Manager, Atlantic Coast Line Railroad; Mr. W. P. Stoughton, Manager Mail Traffic, Chicago and Northwestern Railway; Mr. J. C. McCahan, Jr., Supervisor Mail Traffic, Baltimore and Ohio Railroad and Cincinnati, Hamilton and Dayton Railway; Mr. H. L. Fairfield, Supervisor Mail Traffic, Illinois Central Railroad; Mr. D. C. Pettibone, General Agent Mail Traffic, Northern Pacific Railway; Mr. J. P. Connolly, Supervisor Mail Traffic, Central Railroad of New Jersey; Mr. C. A. Searle, Manager Mail Traffic, Rock Island Lines; Mr. John N. Drake, Secretary, Short Line Railroads Association.

Representing the Committee on Railway Mail Pay the following were in attendance:

Mr. Ralph Peters (Chairman), President, Long Island Railroad; Mr. W. W. Baldwin, Vice-President, Chicago, Burlington and Quincy Railroad; Mr. E. J. Pearson, First Vice-President, Texas and Pacific Railway; Mr. C. F. Daly, Vice-President, New York Central Lines; Mr. W. A. Worthington, Vice-President, Southern Pacific Company; Mr. E. T. Postlethwaite, Assistant to President, Pennsylvania Railroad; Mr. S. C. Scott, Vice-Presidents' Assistant, Pennsylvania Lines; Mr. A. H. Rowan, Assistant to Vice-President, New York Central Lines; Mr. J. P. Lindsay, Manager Mail Traffic, Atchison, Topeka and Santa Fé Railway; Mr. H. E. Mack, General Manager Mail Traffic, Missouri Pacific Railway; Mr. V. J. Bradley, General Supervisor Mail Traffic, Pennsylvania Railroad; Mr. W. W. Safford, General Mail Agent, Seaboard Air Line Railway.

The facts laid before the Executives, and discussed at the conference, are set forth in the following pages:

II

# A Review of Events Following the Inquiry of 1909

The Committee on Railway Mail Pay, today representing 270 railroad companies, operating 223,021 miles of line in the United States, was originally formed to aid in preparing and compiling information asked for by the Post Office Department, in 1909, to ascertain the cost of carrying the mails.

This inquiry was undertaken in compliance with an act of Congress passed March 3, 1879, empowering the Postmaster General to request such information.

Conferences were held with the officials of the Post Office Department to devise a practical system of blanks that would secure the information desired, on uniform lines. In addition to assisting the officials of the Post Office Department in obtaining the information on a uniform basis, the Committee offered its assistance to expedite the tabulation and analysis of the information. This offer was not accepted, as the Post Office Department preferred to deal independently with the subject.

The Committee, therefore, made its own tabulation and analysis from such original reports as were in complete form, covering about 79 per cent. of the lines reporting. The result of that tabulation was published on January 6, 1911, in the Preliminary Report of the Committee, treating, especially, of the relative earnings per car-foot-mile* of the mail, express, and passenger services.

It was shown, in this preliminary report, that the average earnings per car-foot-mile, from the mail service, were 3.228 mills; from the passenger service, 4.417 mills; from the express service, 3.855 mills. Thus the earnings per car-mile (60-foot car) were found to be 19.37 cents from mail traffic; 26.50 cents from passenger traffic; 23.13 cents from express traffic.

* A car-foot-mile is a transportation unit, meaning the movement of a linear foot of car space over the distance of one mile.

In other words, on the basis of car space devoted to each service, the express traffic yielded 19 per cent., and the passenger traffic 37 per cent., greater return than the transportation of the United States mail.

## Appearance of Document No. 105

The Post Office Department, after declining the offers of the Committee on Railway Mail Pay to co-operate in tabulating and analyzing the information, finally, in 1911, issued its report, known as Document No. 105 of the 62d Congress, which purported to show that the railroads were overpaid about $9,000,000 per year for transporting the mails. This conclusion was reached by the use of a method of allocating costs, devised in the Department, and not sanctioned by any recognized authority on transportation economics; and, further, by rejecting much car space incident to the mails and allotting it to the passenger service; also by rejecting "deadhead" space in mail cars and apartments.

No allowance, whatever, was made for earning a return upon the property of the railroads devoted to the postal service.

On the issuance of Document No. 105, a vigorous protest was made to the Speaker of the House of Representatives, and to the Members of Congress, by the Chairman of the Committee on Railway Mail Pay. As a result of this protest, the following special Joint Committee of Congress was appointed in 1912: Hon. Jonathan Bourne, Jr., Senator from Oregon, Chairman; Hon. Harry A. Richardson, Senator from Delaware; Hon. John H. Bankhead, Senator from Alabama; Hon. James T. Lloyd, Representative from Missouri; Hon. William E. Tuttle, Jr., Representative from New Jersey; Hon. John W. Weeks, Representative from Massachusetts. On January 14, 1913, Mr. Weeks was elected a member of the Senate.

This Joint Congressional Committee began its work in January, 1913, holding hearings in Washington, at which the Committee on Railway Mail Pay presented the case for the railroads, and the officials of the Post Office Department presented the case for the Government. The investigation extended over a period of eighteen months, and was the most thorough and complete inquiry into the mail pay question that has ever been made.

## The Joint Congressional Committee's Report

As a result of this investigation, the Joint Congressional Committee submitted its report on August 31, 1914, recommending legislation which was unquestionably intended, in good faith, to give the railroads a more adequate compensation for carrying the mails and to relieve them, in measurable degree, from some of the burdensome conditions of the service of which they had long complained. The report disposed effectively of the allegations of overpayment and completely vindicated the position taken by the railroads with respect to all issues of fact.

The bill which the Joint Committee introduced, however, failed in many important respects to commend itself, as a remedial measure, to those railroad officers who made a careful study of its terms. It adopts a pure space plan of payment, rejecting weight altogether in its scheme of rates; and its operation would be wholly experimental and the results extremely problematical. Inasmuch as all of the reforms which this bill proposed to effect could be brought about with ease and certainty by a few simple amendments to the existing law, the Committee on Railway Mail Pay does not perceive the need or justification for a legislative experiment the results of which might be very serious.

## Introduction of the Moon Bill

On June 4, 1914, after the Joint Congressional Committee had concluded its investigation, but before its report had been completed, Representative Moon, of Tennessee, Chairman of the House of Representatives' Post Office Committee, introduced a railway mail pay bill which has become commonly associated with his name. It is a matter of general knowledge, and, indeed, is frankly conceded by the Postmaster General, that the Moon bill represents the views of his Department concerning the question of readjusting the compensation for the railway mail service, and particularly the Department's conception of the space basis of payment.

The Moon bill, in marked contrast to the Joint Committee bill, made the rates of pay, and all the conditions of the service

which the railroads might be called upon to furnish, subject to the control and determination of the Postmaster General.

Both the Moon bill and the Joint Committee bill made the service compulsory, under penalty of $5000 per day for refusal, but the Joint Committee bill made the rates of pay and conditions of service specific, whereas, under the Moon bill, the Postmaster General could vary either or both, at his discretion.

The Moon bill was passed by the House and sent to the Senate, where it was referred to the Senate Post Office Committee. The Joint Committee bill was introduced in the Senate and was also referred to the Post Office Committee.

The last session of Congress, it will be recalled, was chiefly occupied with consideration of matters of the greatest general importance, both nationally and internationally, notably the shipping bill and the situation created by the European war. No further action was taken on railway mail pay, after the two bills reached the Senate Committee, until December 14, 1914, when the House Post Office Committee, under the chairmanship of Mr. Moon, framed the Post Office appropriation bill for the fiscal year 1915-16 and attached to it the Moon bill as a rider. The appropriation bill was passed in this form by the House.

## Protest of the "Short Lines"

The Senate Committee had previously given the railroads a hearing in protest against the Moon bill and the space basis of pay in general, and in January, 1915, granted a second hearing, especially for the "short line" companies.

The "short lines" are the small railroads, having for the most part less than 100 miles of line, which are not part of, or affiliated with, any of the larger systems. As a class, they have not been paying enterprises. The majority of them traverse sparsely settled sections, where traffic is limited. In numerous cases they have been run into mountainous territory where both construction and operation have been extremely expensive. Many of them have been operated under receiverships for years. Only a very small percentage of them pay, or ever have paid, dividends. Yet the service they render is indispensable to the people of the sections they serve.

At the Senate hearings, representatives of these "short

lines," of which there are about 760 in the country, registered most earnest pleas against enactment of the Moon bill on the ground that its passage would mean complete ruin for many of the small companies, to which the mail service, and the diversion of freight and express traffic to the parcel post, are matters of much greater relative importance than they are to the larger companies.

Their testimony disclosed many instances of the shipment by the public of carloads of groceries, tons of coal, etc., divided up into 50-pound lots, and sent by parcel post because the postage rates were lower than the combined rail and stage freight rates between the same points. In many of these instances the stage haul alone cost the Post Office Department more than the entire postage collected from the sender, so that the Government as well as the railroads lost heavily because of the inadequate postage rates.

The "short line" representatives unanimously asked that *weight of mail carried, determined not less frequently than once a year,* be retained as the basis of payment for the transportation of the mails.

## Moon "Rider" Fails to Pass

The Senate amended the Post Office appropriation bill by eliminating the Moon rider.

A deadlock followed between the House and Senate conferrees, the former insisting upon the retention of the rider and the latter upon its omission. Finally, in the closing hours of the last day of the session, March 4, 1915, while the appropriation bill was in conference, an agreement was reached by the conferrees, restoring the Moon rider, but adopting some of the rates and provisions recommended by the Joint Congressional Committee, and also providing for reference of the adequacy of the space rates to the Interstate Commerce Commission, after the lapse of one year, upon petition of the Post Office Department or of 51 per cent. of the railroads.

The appropriation bill, so amended, was again passed by the House, but was not considered by the Senate. In consequence, the Post Office appropriation bill and the Moon rider failed of passage, and it was necessary to adopt a joint resolution of the

Senate and House, continuing, for the next fiscal year, the Post Office appropriations of the current year.

These developments have thrown the whole question of railway mail pay over to the new Congress, the regular session of which will commence on the first Monday in December, 1915.

The Postmaster General has announced his intention of having the Moon bill reintroduced in the new Congress and of bringing every effort to bear to achieve its enactment.

III

# The Situation Which the Railroads Are Now Facing

Since the basic law at present governing the compensation of the railroads for carrying the mails was passed, in 1873, the rates of pay have been four times reduced—three times by act of Congress and once by an executive order of the Postmaster General, which is now in litigation before the Supreme Court of the United States, in the "divisor case." The divisor order, alone, has deprived the railroads of more than $35,000,000 since its application in 1907.

In consequence of these successive reductions, the present scale of rates applicable to mail routes of various densities of traffic is about 30 per cent. lower than the rate scale established by the basic law. A much greater reduction in the rates of pay has been effected automatically by the principle embodied in the law of 1873, which entitles the Post Office Department to a lower rate per ton-mile, as the average daily weight of mail increases.

The combined effect of the cuts in rate scales and the increasing density of the traffic has been to reduce the average rate received for hauling a ton of mail one mile from more than 26 cents, in 1873, to less than 10 cents at the present time.

Considering the extraordinary character of the railway mail service, utilizing, as it does, every fast passenger train, as well as special trains, and considering, also, the numerous supplementary facilities and incidental services which the railroads are obliged to render the Post Office Department, railroad managers entertain no doubt that the present average scale of compensation is decidedly inadequate.

## What Disinterested Inquiries Have Shown

This opinion is sustained by the decision of the Joint Congressional Committee, which, in its report of August 31, 1914, recommended a substantial increase in compensation to

the railroads, and relief from some of the more burdensome of the incidental services.

Further important support to the contention of underpayment is afforded by the report of Mr. Louis D. Brandeis to the Interstate Commerce Commission, while acting as the Commission's Special Counsel in the Advance Freight Rate Case. Mr. Brandeis, in May, 1914, announced to the Commission:

"It seems clear that the railway mail service is at present unremunerative to the carriers."

In 1913, Dr. M. O. Lorenz, Associate Statistician of the Interstate Commerce Commission, calculated that the railroads had been underpaid certainly more than $5,000,000 per year for carrying the mails, even before the establishment of the parcel post, which has since greatly increased the underpayment.

The Wolcott-Loud Congressional Commission, in 1901, reached the following conclusion:

"We are of the opinion that the prices now paid to the railroad companies for the transportation of the mails are not excessive, and recommend that no reduction thereof be made."

These investigations and reports, above enumerated, are the only ones that have been made by disinterested authorities in the last 15 years. It will be noted that in three instances the railroads were held to be underpaid, and in the other instance (the Wolcott-Loud report of 14 years ago) at least not overpaid.

Notwithstanding the definite recommendation of the Wolcott-Loud Commission, in 1901, against reduction of the rates, Congress, in 1907, without investigation, reduced the rates by law, and in the same year the Postmaster General made another reduction by the "divisor order," previously referred to.

## Half the Parcel Post Now Carried Without Pay

The establishment of the parcel post, on January 1, 1913, introduced a new element into the situation. Owing to lack of adequate provisions for paying the railroads for the large amount of additional service which the parcel post has entailed, the railroads are today, at the close of the fiscal year 1914-15, nearly two and one-half years after the establishment of the

service, transporting without compensation fully 50 per cent. of the traffic, estimated by the Postmaster General to have exceeded a total of 800,000,000 packages in the last fiscal year.

When the parcel post service was inaugurated, no provision of any character had been made to pay the railroads for the new traffic. In consequence, the railroads carried the entire parcel post for the first six months without one cent of remuneration.

Beginning with July 1, 1913, the railroads in the States of New York, New Jersey, Pennsylvania, Delaware, Maryland, West Virginia and Virginia received an adjustment of pay based on a weighing of the mails conducted during the preceding spring, when the parcel post was in its infancy and the original weight limit of 11 pounds per parcel, established by Congress, was still in force.

Effective from the same date, railroads in all of the other sections of the country were given certain arbitrary allowances which the Postmaster General had been authorized to award, in his personal discretion. In no case were these allowances to exceed a five per cent. increase in the annual mail pay of any railroad. The allowances, as actually awarded, averaged from three to four per cent.

## Expansion in Scope of Parcel Post

On August 15, 1913, six weeks after these adjustments of pay had been made, the Postmaster General increased the weight limit per parcel post package from 11 pounds to 20 pounds in the local, first and second zones, and reduced the rates of postage. On January 1, 1914, the Postmaster General extended the 20-pound weight limit to all zones and increased the limit in the local, first and second zones to 50 pounds. At the same time, another reduction in postage rates was made. On March 16, 1914, books and catalogues were admitted to the parcel post, with the result that an immense traffic has been created. How great this is may be judged by the fact that the Congressional Committee appointed to investigate the parcel post, headed by Senator Bristow, of Kansas, reported that a single mail order house is saving $1,000,000 per year through shipping its catalogues via the parcel post.

## Increased Traffic Not Paid For

For all the additional traffic which has been created by the extension of the parcel post beyond the original limits established by Congress, no compensation whatever has yet been paid to any railroads save those in the far Western States, which, commencing July 1, 1914, after a delay of a year and a half, received an increase in pay to correspond with the results of a weighing of the mails on their lines conducted during the spring of 1914.

These are the only railroads in the United States which are now (June, 1915) being paid for the parcel post with any approximate degree of justice, yet even they are carrying a year's increase without compensation.

The railroads in New York, New Jersey, Pennsylvania, Delaware, Maryland, West Virginia and Virginia, which carry the heaviest mail traffic in the country, are still being paid for the weight of parcel post carried a few weeks after the service was inaugurated, before the public had become accustomed to its use and while the 11-pound weight limit was in force.

The railroads in New England and the Central West, where population is dense and mail traffic heavy, and in all the Southern States lying East of the Mississippi, have not as yet received any readjustment of pay, based upon actual weighing, since the establishment of the parcel post, two and one-half years ago. These railroads are still carrying the parcel post without payment except for the arbitrary allowances of three to four per cent. previously referred to.*

Whatever claim may be advanced as to the adequacy of these allowances, as gauged by the volume of parcel post carried during the first seven and one-half months of its existence, while the limitations fixed by Congress still remained undisturbed, they are certainly most inadequate when applied to the greatly expanded parcel post, as it exists today, with nearly two and one-half years' growth in the traffic.

* Beginning with July 1, 1915, the railroads in the Central West will be entitled to pay on the basis of a weighing of the mails which was conducted in their territory during the spring of the current year (1915).

## Facts of Underpayment Summarized

To sum up the parcel post situation existing at the date of issue of this statement, and throughout the entire fiscal year ending June 30, 1915:

1. In about half of the country there has been no readjustment of railway mail pay, based upon actual weighings, since the establishment of the parcel post service.

2. In about three-quarters of the country, including the portions where mail traffic is heaviest, there has been no compensation whatever to any railroad for the *additional traffic* created by the great expansion in the scope of the parcel post beyond the limits originally set by Congress, as to weights and rates of postage.

3. The increase in the parcel post, according to the Postmaster General's own figures, has been and still is, very rapid, the traffic having reached, in two years' time, a volume of probably 1,000,000,000 packages annually, while the mails are weighed and the pay of the railroads readjusted only at four-year intervals.

Taking a broad view of this situation, the Committee on Railway Mail Pay is of the opinion that the estimate that at least 50 per cent. of the parcel post has been carried by the railroads, throughout the current fiscal year, without payment, is very conservative.

## Graver Situation Possible Under Moon Bill

Serious as the present situation is with respect to the underpayment for the parcel post, it is the conviction of the Committee on Railway Mail Pay that, should the efforts to obtain enactment of the Moon bill meet with success in the new Congress, conditions even more serious would arise.

Passage of the Moon bill would place in the hands of the Postmaster General, who, as far as the railroads are concerned, is the shipper, the power of restricting, to any extent that he might see fit, the compensation to be paid the railroads for carrying the mails, and especially the parcel post. It would also create a system of rates so constructed as to permit a very large further expansion of the parcel post without payment, by

the Post Office Department, for the additional service the railroads would be obliged to render.

While the Moon bill would no doubt provide a means by which the deficit incurred in the operations of the Post Office Department could be reduced, it is obvious that this could only be accomplished at the expense of the railroads, by adding very greatly to the grievous burdens which have already been placed upon them through the present non-payment for 50 per cent. or more of the parcel post.

Chairman Moon gave a clear characterization of the bill when he informed the House of Representatives, in debate, on December 19, 1914, that under this measure it would be possible to require the railroads "*to carry all your parcel post probably without any additional compensation and save many millions annually.*"

## How the Moon Bill Would Operate

The Moon bill would have accomplished its results in two ways:

First, by establishing the "space plan" of payment, under which the compensation for the railway mail service would be based primarily, not upon the weight of mail carried, but upon the amount of car space *authorized* by the Department for use in the service; such space to be paid for at car-mile rates representing much less than the earning power of the space, but with full liberty to the Department to utilize the maximum carrying capacity of the space so authorized. This would give the Department complete control of the facilities of the railroads, and, necessarily, if the compensation for the space was inadequate for the weight of mail transported—that is, for the actual service performed—partial confiscation of the facilities of the railroads would be accomplished.

Secondly, by making the rates to be paid for the authorized space discretionary with the Postmaster General. The bill named certain rates and authorized

the Postmaster General to pay "not exceeding" those rates. This would permit the Postmaster General to reduce the rates at will.

## Discretionary Features of the Moon Bill

The Moon bill would also confer upon the Postmaster General other discretionary powers of an arbitrary character which, from the railroad point of view, can only be regarded as most improper, *when coupled with a penal provision making the service compulsory.*

The Postmaster General would be authorized to require the railroads to furnish mail cars and apartments of any design or construction that he might specify, regardless of cost or of the financial ability of various companies to comply. The railroads would have no assurance as to the length of time such cars would be used and paid for. On the contrary, the Postmaster General, under the terms of the Moon bill, could cancel the authorizations at will, even after specially constructed cars had been supplied.

The Postmaster General would be empowered to require the railroads to furnish such station space and rooms at terminals, rent free, as he might specify; to place mail cars in stations, prior to the departure of trains, for the advance distribution of mail, whenever desired; and to perform, or not to perform, without compensation, under his personal discretion, the services usually designated as "side, terminal and transfer services."

The Moon bill would compel the railroads to give free transportation to all officers and employes of the Post Office Department, not only while on duty in connection with railway mail service, and while going to and from such duty, as at present, but also whenever traveling on Departmental business of any character, upon exhibition of their credentials. No such privilege is enjoyed by officers or employes of any other Department of the National Government.

## Supplementary Provisions of the Moon Bill

In addition to the very wide liberty of action which the Moon bill would confer upon the Postmaster General, in the

administration of the system of compensation which it purported to establish in the main body of the bill, the measure contained several additional sections, conferring further broad grants of power, under which the Postmaster General, at his option, could set up wholly different plans of payment for considerable portions of the service.

For instance, the Moon bill provided that the Postmaster General might, from time to time, obtain information from the Interstate Commerce Commission regarding the revenue received by railroad companies from express matter and arrange for the transportation of second-, third- and fourth-class matter at "not exceeding" such rates.

This provision is vague in that it does not specify on what basis the express revenue should be ascertained. It may be pointed out, however, that the express companies pay the railroads about 50 per cent. of their gross revenues for the transportation of their traffic, while the Post Office Department is at present paying the railroads only about 19 per cent. of its gross receipts.

Of similar character is another section providing that the Postmaster General might petition the Interstate Commerce Commission for postal carload or less-than-carload rates for fourth-class matter and periodicals, and then require the railroads to carry the traffic at such rates, on any passenger train and under any conditions named by the Postmaster General.

If these provisions offered practicable means of establishing correct transportation rates for second-, third- and fourth-class mail matter, there would be no mail, except the letter mail (first-class matter), that would be carried on the space basis of pay prescribed in the Moon bill, and this would only be about 10 per cent. of the whole mail traffic.*

## Service Compulsory Under Moon Bill

The feature of the bill making the service compulsory, under penalty of a prohibitive fine for refusal, is a most important departure. The present law contains no provision forcing the railroads to carry the mails, under specific penalty.

* A further analysis of the discretionary features of the Moon bill will be found on page 61.

It has been contended, on behalf of the Post Office Department, that the Moon bill in using the words "not exceeding," as applied to its scale of rates, merely follows the wording of the present law, which authorizes the Postmaster General to pay "not exceeding" certain rates. In making this claim, however, the important fact is lost sight of that the present law merely authorizes the Postmaster General to *negotiate* with the railroads for the performance of the service and places a limit upon the amount he may offer to pay, whereas the Moon bill would *compel* the railroads to render such service as the Postmaster General might demand, at such rates as he might choose to allow, or pay a fine of $5000 per day for each refusal so to do.

## One Cent Per Ton Per Mile for Parcel Post

The rates named in the Moon bill, if allowed in full by the Postmaster General, would give a gross return of about 20 cents per mile for the movement of a 60-foot storage car. As such a car could be loaded with 20 tons of mail, it will be seen that, even at the maximum payments permitted by the Moon bill, the Post Office Department would be placed in possession of machinery whereby it could compel the railroads to carry the parcel post for one cent per ton per mile. Such service would be rendered by the fastest passenger trains or by special mail trains, and it is needless to say that the Post Office Department could establish postage rates for the parcel post which would be below the cost of transportation and with which neither the express nor lighter freight services could possibly compete.

It would, of course, be possible to ship full carloads of parcel post upon the heavier mail routes, only; but approximately the same rate of one cent per ton per mile would be available for the Department, on lighter routes, by the authorization of 30-foot or 15-foot apartments, for which the Moon bill provides, or by the authorization of storage space of any size in baggage cars, which is permitted by another provision of the Moon bill.

No railroad can afford to carry freight, in fast passenger

trains, at a rate of one cent per ton per mile, nor would it be just to require any railroad to do so.

It has been the contention of those who have advocated a Governmental postal freight service, to carry heavy packages at extremely low postage rates, that the benefits of such a service would be very wide-spread and would be of special value to such shippers as small merchants and farmers. The recent report of Senator Bristow's Parcel Post Committee, however, cast serious doubt upon this claim. The Bristow report states that about 60 per cent. of all fourth-class matter originates in New York and Chicago, and remarks:

"The tremendous amount of merchandise sent out by the mail order houses of these cities is, of course, the explanation of this condition."

Entirely aside from the question what class of citizens may or may not be benefited by an expanded parcel post, or postal freight service, conducted at such postage rates as to make it a subsidy to the shipper, it cannot be contended, with fairness, that the cost of the subsidy should be borne by the railroads. Yet the legislation favored by the Post Office Department would make it possible to shift the principal burden of such subsidy from the Government to the railroad companies.

## Space Plan Disregards Basic Rate Principle

The passage of the Moon bill, or of any other bill recognizing car space as the controlling factor in determining the rates to be paid for mail transportation service, might serve as a precedent entailing the possibility of grave and far-reaching consequences.

It is obvious that the establishment of the space plan for the railway mail service would mean the overthrow, as far as that service is concerned, of the universally recognized and entirely sound principle that the commercial value of the service to the shipper is properly one of the factors to be considered in determining a rate. If this principle is disregarded in the mail service, there would appear to be no reason why it could not, with equal propriety, be disregarded in other branches of the

transportation service, thus imperiling the present structure of freight rates.

If the railroads can be compelled to grant to a number of shippers, acting collectively through the Post Office Department, the right to ship on the space plan of payment, there seems to be no good reason why one of the large corporate shippers—a great manufacturing company, for instance—should not claim an equal privilege.

The space plan of payment, applied to the business of such a shipper, would mean that the manufacturing company would pay the railroads about the *average* car-mile earnings of a freight car, for as many cars as it could use, but would have the right to load every car to *full capacity* without additional payment for the excess of weight over the average load. Such a system of payment would deprive the railroads of compensation for service actually rendered, and, if applied to the general freight service, would seriously impair the financial stability of many companies.

## Flexibility of Space Plan Not Reciprocal

The Post Office Department has put forth the claim that the Moon bill, by reason of the space plan of rates, would automatically readjust the pay of the railroads to correspond with the changes in facilities authorized by the Department, thereby meeting the objections of the railroads to the system of "quadrennial weighings," and also providing means whereby additional service required at such times as Christmas could be officially authorized and paid for.

It is the opinion of those who have studied the subject most carefully that whatever measure of justice might be accorded, in this respect, would be negligible by comparison with the injustice in other directions which would follow adoption of the Moon bill, or the space plan of payment.

It is true that the space plan would afford means whereby extra cars required to handle the Christmas business could be authorized and paid for, but it is also true that during the slack seasons the authorizations of space could be reduced, and the railroads would then be required, in many cases, to haul empty space without compensation. There is no manner in which

a 60-foot mail car can be temporarily rebuilt to a 30-foot apartment, or a 30-foot apartment cut down to one of 15 feet, to correspond with a temporary reduction in authorization on any given route. The full car or large apartment would have to be provided and hauled, while only half the space might be paid for.

### Some Important Distinctions as to Car Space

It is important to note, in this connection, that car space *authorized,* car space *used* and the car space that, as a matter of practical necessity, the railroads may be compelled to *furnish,* are three very different things, and it is *space authorized* that the Post Office Department proposes to pay for.

The weight plan of payment, if properly administered, would include compensation to the railroads for the extra service furnished during the rush periods. The weight for which payment is made, on any route, is supposed to be the average daily weight carried on that route during the entire year, including the service rendered in rush periods. If the weights were ascertained with sufficient frequency, and for representative periods of the year, compensation for such extra service would be given.

The space plan of payment for the railway mail service, notwithstanding the defects which analysis reveals, has appeared attractive to the minds of some influential members of Congress, partly, no doubt, on account of its seeming simplicity.

It presumably appeals to the Post Office Department because it would provide a means whereby the *expanded* parcel post could be successfully operated in commercial competition with the freight and express services. Such competition, except at a heavy loss to the Government, could only be carried on at the direct expense of the railroads, but, nevertheless, the Department seems, thus far, committed to that course, despite the fact that it would retain the weight basis in making its rates of postage to the public.

### Governmental Competition *vs.* Regulation

Ordinarily, in considering any question of rates, the only proper concern of the railroads, as common carriers, is to

obtain fair and just payment for the service they are called upon to perform. This is the attitude which railroad managers have always hitherto maintained toward the parcel post, and which they are endeavoring to continue to maintain, despite certain further considerations that are being forced upon their attention.

How is it possible, for instance, to ignore the fact that, whereas, the parcel post, as originally established by Congress, with a weight limit of 11 pounds, was a supplementary service, filling in a gap which previously existed between the old fourth-class mail and the express service, the subsequent extension of the weight limit to 50 pounds has brought the parcel post into active competition not only with express, but also with freight?

It is well to consider how and by what means the Government is able to compete with the railroads for commercial transportation business. The Government owns no transportation facilities, whatever, in the continental United States. When it enters the freight and express business, having no facilities of its own, it must commandeer the use of the facilities of the railroads. But the railroads are already using those facilities in giving service to the public, directly or through the express companies. Moreover, the rates which the railroads obtain for the service cannot be higher than the Interstate Commerce Commission pronounces to be reasonable. The Government can underbid the railroads for such service only by using its sovereign power in compelling them to employ their facilities in rendering service to the Government *at rates lower than those declared reasonable.* Thus the Government would be forcing the railroads to use their facilities against themselves, and in competition with that service which they are rendering to the public under the protection and regulative authority of the Government.

Is Governmental competition consistent with Governmental regulation?

## What Does Public Sentiment Favor?

Certain other questions naturally suggest themselves. For example, has there been any evidence of a popular demand for the Post Office Department to enter into commercial competi-

tion with the railroads, or to convert the mails from a medium for the diffusion of intelligence, and the incidental carrying of small parcels, into a general freight and express agency?

Is it not rather the case that public sentiment would look with more favor upon steps which would enhance the quality of the mail service proper, *i. e.*, the prompt and accurate dispatch of correspondence, newspapers and periodicals, and leave the development of freight and express traffic to the agencies especially created to handle it and to the regulative authority of the Governmental body especially appointed to control it?

In Great Britain, where the parcel post was established years before its inauguration in this country, it has never been thought necessary to go beyond the international weight limit of 11 pounds.

If the Post Office Department's plans, as generally understood, are carried out, it seems probable that the weight limit for the parcel post in this country will be further expanded to 100 pounds, or more, causing increased losses to the railroad companies in revenue, and loading upon the passenger train service heavy postal freight, with resultant delays to trains.

## What the Joint Congressional Committee Held

The report of the Joint Congressional Committee on Railway Mail Pay, submitted last August, as has been stated, unanimously sustained the chief contentions of the railroads, which were:

**That the present total compensation for carrying the mails is inadequate;**

**That the system of "quadrennial weighings" of the mail is unfair and unbusinesslike;**

**That apartment post office cars should be paid for on the same pro rata basis as the full cars;**

**That the railroads should be relieved of, or paid for, the messenger services performed in carrying the mails between railroad stations and post offices, and between railroad stations on different lines.**

The Joint Committee also reached the following most important conclusions:

**That the railroads are entitled to be paid for mail transportation on a commercial basis ;**

**That the mail service, being performed by passenger trains, should return as much, per car-mile, as the general average of the passenger train service ;**

**That the mail service, per car-mile, yields a lower return and costs more to perform than the express service ;**

**That Government ownership of mail cars would be objectionable on the ground of public policy and would cost the Government more than operation under railroad ownership.**

The Joint Congressional Committee's conclusions of fact being unanimous, and having been reached only after the most careful study and consideration, should meet with general acceptance.

## Mail and Express Earnings of the Railroads

The Joint Committee's conclusions are of particular importance in view of the Post Office Department's contention that the railroads are better paid for carrying the mails than for handling the traffic of the express companies. The argument by which the Department has sought to sustain this position rests upon the citation of some two score of specific shipments.

The instances cited, however, were far from being representative, for two vital reasons: (1) In every case the railroads' share of the very lowest wholesale express rate, that for a single 100-pound package, was compared with the average mail earnings. (2) The hauls, in the instances cited by the Department, averaged 1600 miles each, whereas the Interstate Commerce Commission has found that the average express haul is only about 200 miles and the average weight per package about 33 pounds. Business fairly representative of average conditions will show a higher net return per pound from the express than from the mail service.

The Joint Congressional Committee considered the mail and express services *as a whole,* and reached the conclusion that the mail is the less remunerative. This is the latest and most authoritative decision upon the question, by a disinterested body.

Moreover, the Committee pointed out that the mail and express services, as performed by the railroads, instead of being essentially similar, differ greatly in important respects, so that a consideration of rates, without, also, a consideration of the nature of the services rendered, does not afford a reliable basis of comparison.

## The Right to a Commercial Profit from Mail Traffic

The Joint Congressional Committee's affirmation of the principle that the railroads are justly entitled to a fair commercial rate from the service of transporting the mails is also a conclusion of primary importance. In the course of the hearings before the Joint Congressional Committee, the representatives of the Post Office Department advanced the theory that in transporting the mails the railroads were performing a Governmental function, and that for this reason the railroads might be required to carry the mails at rates materially below the commercial value of the service.

The Joint Congressional Committee rejected this contention and said:

"Fair rates should be made in all branches of traffic, otherwise a deficiency of return from one branch must be made up by an overcharge from another branch. . . .

"The desirability of diffusing intelligence may well be taken into account in fixing the postage rates to be paid by the public, but it is not clear that this has any connection with what the Government should pay the railroads.

"Do we ask a mail clerk to work for less than a normal salary because he handles letters? Does the manufacturer of desks make a special price to the Post Office Department because the mail service helps to diffuse intelligence? Then why should the railroad, which is merely another instrumentality used by the Government in its mail business, sell its services at an abnormally low rate if the Government is able to pay the normal rate?"

Equally significant is the principle laid down by the Interstate Commerce Commission in the Advance Freight Rate Case decision of July 29, 1914:

"In our opinion each branch of the service should contribute its proper share of the cost of operation and of return upon the property devoted to the use of the public."

## The Joint Congressional Committee's Bill

The bill recommended by the Joint Committee is mainly free from the objectionable discretionary features found in the Moon bill, but its scale of rates is only slightly higher than the rates in Chairman Moon's measure. Moreover, the same facility would be afforded the Post Office Department for effecting shipments of the parcel post at most unremunerative rates (approximately one cent per ton per mile), and it is herein that there is the greatest possibility of injustice to the railroads from the space basis of pay.

While the Joint Committee bill would no doubt be decidedly preferable to the Moon bill, it is not a measure that the railroads can consistently advocate. Although the Joint Committee believed that the provisions of the bill would increase the pay of the railroads by some $3,000,000 per year, with relief from the messenger services, representing some $2,000,000 more, the space plan of payment necessarily allows of so much latitude in administration that it would be feasible for the Post Office Department, under the terms even of this measure, to reduce in considerable degree the compensation for the service now rendered, as well as make possible a large expansion in parcel post freight with little or no corresponding increase in pay.

## Reference to Interstate Commerce Commission

It is the opinion of the Committee on Railway Mail Pay that the ultimate solution of the railway mail pay problem lies in reference of the matter to the Interstate Commerce Commission, with complete power. This would take the question out of politics, which would be in the highest degree advisable. The problem is not political, but economic. Reference to the Interstate Commerce Commission would round out, and make complete, as far as interstate traffic is concerned, the regulative authority of the Commission, and so give full opportunity for

testing out the system of public regulation of railroads which this nation has adopted.

Besides, the development of the parcel post as a commercial service, competitive with freight and express, makes it fitting that the same authority which regulates freight and express rates and traffic should exercise a like supervision in the case of the mail traffic.

It is the belief of the Committee on Railway Mail Pay that the railroads will have the support of the public in favoring such a step, and that the American people will consider the willingness of the railroads to abide by the judgment of the Interstate Commerce Commission as an evidence of good faith.

IV

# Recommendations of the Committee on Railway Mail Pay

The Committee on Railway Mail Pay, after careful study and consideration of all the suggested plans for making car space the basis of payment for the railway mail service, is firmly convinced that any of these plans would prove inherently defective. The Committee earnestly believes that the space basis of payment, when put to the actual test, would inflict great injustice upon the railroads, by depriving them of compensation for much of the service actually rendered, while it would also prove injurious to the public by tending strongly to cause deterioration in the quality of the service.

The space system would mean payment for *facilities*, instead of for *service*. It would at times create an incentive for the Post Office Department to achieve economies through a curtailment of facilities, by reducing the frequency of dispatch and concentrating the mails into carload lots. At other times it would provide a temptation for undue expansion of facilities, through variance of views or influences, without the salutary check of the weight of mail actually to be dealt with.

The weight system of payment, on the other hand, makes *service rendered*, that is, the weight of mail transported, the controlling factor in determining the compensation of the railroads. Such a system places all the facilities of the railroads freely at the call of the Post Office Department, and not only assures the fullest service to the public, but, if properly devised and administered, assures the railroads of fair payment in proportion to the service required of them.

## Weight System of Pay Fundamentally Sound

The Committee on Railway Mail Pay is therefore convinced that the present system of payment is essentially sound in being based primarily upon the weight of mail and length of haul. Such a basis of payment is the fairest, simplest and most

direct that can be devised, as it means payment for each pound of mail, in proportion to the distance it is carried, which is the natural measure of the service performed. Moreover, the present scale of rates scientifically follows the wholesale and retail principle, with the compensation per pound decreasing sharply as the average daily weight carried increases. Thus, a large railroad, operating a route over which more than 5000 pounds of mail are carried daily, receives, for the surplus, only one-twentieth as much per pound as does a small railroad, carrying 200 pounds or less daily, over a route of equal length.

The fundamental correctness and justice of basing the compensation of the railroads upon the weight of mail carried was clearly perceived by the Wolcott-Loud Congressional Commission. In its report to Congress in 1901, the Wolcott-Loud Commission, referring to the weight system of pay as it was in force at that time (which, of course, was prior to the two reductions in rates made in 1907, by Congress and the Post Office Department), said:

"After carefully canvassing the whole situation, we are of the opinion that, all things considered, the present plan of adjusting the railway mail pay is the most fair and feasible one; and we are satisfied that it is the most advantageous one to the Government and believe that it, on the whole, is as just to the railroads as any that can at present be devised."

The Wolcott-Loud Commission specifically declined to recommend car space as "the controlling standard by which the rates of compensation for the transportation of the mails shall be fixed."

## Scientific Structure of Present Rate System

Prof. Henry C. Adams (for many years Statistician of the Interstate Commerce Commission), who acted in an advisory capacity to the Wolcott-Loud Congressional Commission, commented in his report of February 1, 1900, upon the law of 1873, under which the railroads are paid for mail transportation. The following is a summary of some of the opinions expressed:

> Under the law, the basis of compensation is not weight alone, but weight multiplied into distance. The law of 1873 is drawn in harmony with the fundamental law of transportation, namely, that volume of traffic renders economy possible, resulting in a reduction of rates; further, that the effect of increased traffic in reducing cost is relatively more intense for a road whose traffic is sparse than for a road whose traffic is dense, and this refinement of the fundamental law of transportation is also expressed in the act of 1873. He points out that the mail routes which were arbitrarily classified according to the law of 1845 secure a classification more nearly perfect under the law of 1873, because it is adjusted to the fundamental law of transportation that the cost per unit of traffic decreases with the increase of the density of traffic. He finally concludes that the natural operation of the law of 1873 is to concentrate the mail traffic upon the most direct routes.

This is competent testimony from a high authority as to the scientific structure of the weight and rate schedule laid down in the law of 1873.

In commenting upon the tendency of the law of 1873 to foster economy and efficiency in the handling of the mail traffic, by concentrating it upon the most direct routes, Prof. Adams might very pertinently have added that one result of this tendency has been to make possible the operation of special fast mail trains. The continuance of such trains, and of the expedited mail service rendered by them, would be immediately menaced by the adoption of the space plan of payment, as it would be highly questionable whether any railroad management would be justified in offering such extraordinary and expensive service to the Government at the rates named in either of the space plan bills which have been introduced in Congress.

## Car Space Not a Gauge of Service Rendered

When a railroad carries, say, three tons of mail 100 miles, what is the real nature of the service the railroad renders to the Post Office Department and the public?

Is it the hauling of a 60-foot car 100 miles?

Or is it the transportation of three tons of mail 100 miles?

Necessarily it must be the latter, as it is not the car, but the mail, that the Department desires moved. The interest of the Department and the public in the movement of the car is not direct, but merely incidental.

The fundamental defect of the space plan of payment for the railway mail service is that car space is not in itself a measure of the service rendered. It is a "tool of trade" belonging to the railroads, to be used in conjunction with motive power, road-bed, rails, bridges, terminals, signals, and the organized efforts of a force of employes, in rendering service to the public and earning reasonable revenues, under the protection of the Constitution and the laws. The railroads cannot, with justice, be deprived of its control at an arbitrary and inadequate valuation.

## Opinion *vs.* Service as a Basis of Pay

The precise amount of car space which shall be sufficient for the proper conveyance of the mails, and their distribution in transit, on any given mail route, and which shall at the same time not be excessive, is a matter of personal opinion upon which individuals might differ greatly.

Hardly anyone would question that the compensation paid the railroads for any service should be in proportion to the amount of service rendered. The advocates of the space plan of payment for mail transportation, however, appear to have overlooked the fact that its effect would be to pay a railroad exactly the same sum for carrying, over a given distance, a car loaded with one ton, 10 tons or 20 tons of mail. Is it possible to maintain that the transportation of 20 tons of mail is not a greater service, and fairly worth more, than the transportation of one ton?

The weight of mail carried is a concrete fact which can be ascertained at any time and as frequently as necessary, and is not open to controversy. As the basis of transportation rates, it furnishes a definite measure by which the compensation due for the service rendered can be calculated with mathematical precision. *Weight multiplied by distance* is the universal gauge of the service of transporting things. It is used by the Post Office Department, itself, in its scale of parcel post rates.

## Defects of the Present Practice

The present method of compensation for the railway mail service, while resting on a law that is fundamentally sound in utilizing the factors of weight and distance, contains, as now administered, certain defects which have operated inequitably against the railroads. Nevertheless, these defects can be easily and simply remedied. They are:

1. The "quadrennial weighings," by which the mails are weighed and the compensation adjusted on any given railroad route only once in four years. This practice compels the railroads to carry the increase in the mail traffic, without increased compensation, for unreasonably long periods. The advent and rapid growth of the parcel post has made the quadrennial weighings most unjust, as has previously been explained in detail.

2. The established system of payment properly recognizes the fact that the railroads are entitled to compensation for the extra car space used by the Post Office Department for transporting postal clerks and conducting post office work in moving trains. It recognizes the fact that the light average load of mail carried in a railway post office car (about 2½ tons in a car capable of carrying 20 or more tons) does not constitute a paying load, and that the railroads, in addition to being paid for this small weight of mail, should be compensated for turning over the use of the entire car to the Post Office Department for clerical work. The present system of compensation, however, recognizes this principle only when applied to whole cars, and provides no method by which the railroads can be paid for similar facilities furnished in mail apartment cars. More than 4200 apartments of this character are now fitted up and operated for the exclusive use of the Post Office Department.

3. The railroads are required, without additional compensation, and at a considerable annual expense and inconvenience, to carry the mails between railroad stations and post offices, also between railroad stations on different lines. These duties, which are outside the scope of railroad transportation, are usually known as "side, transfer and terminal messenger services."

## The Remedies Suggested

It is the belief of the Committee on Railway Mail Pay that the foregoing defects can best be corrected by providing the following remedies:

**1. That the mails be weighed, and the pay readjusted, at least once a year on every railway mail route, instead of once in four years, as at present.**

**2. That the railroads be paid for the use and operation of apartment post office cars—for which the present law allows no pay—on a pro rata basis with the compensation allowed for full railway post office cars.**

**3. That the railroads be paid for, or relieved from, the duty of carrying the mails between railroad stations and post offices.**

These remedies, in the opinion of the Committee on Railway Mail Pay, will give the railroads just compensation, afford the Government full protection and assure to the public the continuance of a high quality of railway mail service.

V

# The Present Law and Proposed Legislation

## EXHIBIT A

### A SUMMARY OF THE PRESENT LAW AS SET FORTH IN THE REPORT OF THE JOINT CONGRESSIONAL COMMITTEE.

(Extract from Report of Joint Congressional Committee, August 31, 1914, Page 59.)

Brief summary of laws enacted upon this subject, beginning with the Act of 1873, which is the basis of the present system of railway mail compensation:

The Act of March 3, 1873, authorized and directed the Postmaster General to readjust railway mail compensation on the basis of a rate per mile per annum according to the average daily weight carried on each route, the weight being determined by weighing of the mails for not less than 30 successive working days, and at least once in every four years. The rates are stated in the following table:

| Average weight of mails per day carried over whole length of route: | Rates allowable under act of Mar. 3, 1873. |
|---|---|
| 200 pounds | $50 |
| 500 pounds | 75 |
| 1,000 pounds | 100 |
| 1,500 pounds | 125 |
| 2,000 pounds | 150 |
| 3,500 pounds | 175 |
| 5,000 pounds | 200 |
| For each additional 2,000 above 5,000 and less than 48,000 pounds | 25 |
| For each additional 2,000 pounds in excess of 48,000 pounds | 25 |

The same Act provided that additional pay should be allowed for a daily trip of a full railway post-office car 40 feet or more in length at the following rates per mile per annum:

| | |
|---|---|
| 40-foot car | $25 |
| 45-foot car | 30 |
| 50-foot car | 40 |
| 55 to 60-foot car (or more) | 50 |

The Act of July 12, 1876, made a flat reduction of 10 per cent in each of the weight rates. The same Act provided that land-grant railroads shall be paid only 80 per cent of the regular rates.

The Act of June 17, 1878, made a further reduction of 5 per cent in the weight rates.

The Act of March 3, 1905, required that the mails should be weighed for not less than 90 successive working days instead of for 30 days, as required by the law of 1873.

The Act of March 2, 1907, made a further reduction of 5 per cent in the weight rates on routes carrying a daily average of over 5,000 pounds and a reduction of 10 per cent in the rates on routes carrying a daily average of over 48,000 pounds.

The same Act made reductions in the rates to be paid for R. P. O. car service, the new rates per mile per annum being:

| | |
|---|---|
| 40-foot car | $25.00 |
| 45-foot car | 27.50 |
| 50-foot car | 32.50 |
| 55 to 60-foot car (or more) | 40.00 |

On June 7, 1907, Postmaster General Meyer issued Order No. 412, changing the method of computing the average daily weight of mail carried. Although this was not a change in the law, it is mentioned here because it was a change in the interpretation of law which had the effect of reducing the pay of the railroads about $5,000,000 per annum.

The Act of May 12, 1910, reduced the rate for land-grant routes on each 2,000 pounds in excess of 48,000 pounds from $17.10 to $15.39.

The Act of August 24, 1912, authorized the Postmaster General to readjust pay if mail be diverted from one route to another to the extent of not less than 10 per cent of the weight on either route.

## PRESENT WEIGHT RATES.

The annual rates now in force are as follows:

| Average weight of mails per day carried over whole length of route. | To non land-grant railroads per mile per annum. | To land-grant railroads per mile per annum. | Intermediate weights for which additional allowance is paid at the rates stated in Note 1. |
|---|---|---|---|
| | | | Pounds. |
| 200 pounds | $42.75 | $34.20 | .... |
| 200 to 500 pounds | .... | .... | 12 |
| 500 pounds | 64.12 | 51.30 | .... |
| 500 to 1,000 pounds | .... | .... | 20 |
| 1,000 pounds | 85.50 | 68.40 | .... |
| 1,000 to 1,500 pounds | .... | .... | 20 |
| 1,500 pounds | 106.87 | 85.50 | .... |
| 1,500 to 2,000 pounds | .... | .... | 20 |
| 2,000 pounds | 128.25 | 102.60 | .... |
| 2,000 to 3,500 pounds | .... | .... | 60 |
| 3,500 pounds | 149.62 | 119.70 | .... |
| 3,500 to 5,000 pounds | .... | .... | 60 |
| 5,000 pounds | 171.00 | 136.80 | .... |
| For each additional 2,000 pounds above 5,000 and less than 48,000 pounds | 20.30+ | 16.24+ | .... |
| Above 5,000 and less than 48,000 pounds | .... | .... | 80 |
| For each additional 2,000 pounds in excess of 48,000 pounds | 19.24 | 15.39 | .... |

NOTE 1.—For each additional number of pounds weight indicated in the third column there is paid to non land-grant roads 85 cents per mile per annum, and to land-grant roads 68+ cents per mile per annum, except that on routes carrying from 5,000 to 48,000 pounds the additional allowance is 81 cents per mile per annum to non land-grant roads and 64 cents per mile per annum to land-grant roads.

## EXHIBIT B

## A COPY OF THE PROPOSED AMENDMENT TO THE PRESENT LAW RECOMMENDED BY THE COMMITTEE ON RAILWAY MAIL PAY.

(Extract from Hearing Before Joint Congressional Committee, Page 181).

"We would ask to present a bill, which, in our opinion, would remedy our difficulty. Our Committee have all felt that we could stand by the present law, provided it could be amended, and in our draft we have endeavored to make that amendment as simple and as brief as possible. That is what we have suggested here.

" 'A BILL To provide for the transportation of parcel-post matter, to amend existing laws relative thereto, and to equalize pay for mail service on railroad lines.

" 'BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That the proviso in the Act of March third, nineteen hundred and five, "That hereafter, before making the readjustment of pay for transportation of mails on railroad routes, the average weight shall be ascertained by the actual weighing of the mails for such number of successive working days, not less than ninety," be and the same is hereby repealed, and that hereafter such weighings shall be simultaneous on all railroad mail routes not less frequently than once in each year; and the Postmaster General is hereby authorized and directed to require a railroad mail carrier to provide for the carriage of the mails between its trains and a post office or postal station only where such post office or postal station is located in a railroad depot or station of such carrier, and the Postmaster General is hereby authorized and directed to pay for space used as railway post offices in apartment cars in proportion to the present rate allowed for postal cars sixty feet in length.' "

## EXHIBIT C

## A COPY OF THE BILL RECOMMENDED BY THE JOINT CONGRESSIONAL COMMITTEE.

(Extract from Report of Joint Congressional Committee, August 31, 1914, Page 21).

"In our suggested bill we purposely make our rates fixed, and not merely maximum, leaving no discretionary power to the Postmaster General to autocratically change the same. We assert that it would not only be most unjust, but destructive of confidence in our Government and unparalleled in rate making for Congress to fix the maximum rates and delegate to the Postmaster General the right to determine the minimum rates, he as the Government's representative being the shipper in mail transportation.

"We have spent nearly two years in this study, have conscientiously and to the best of our ability endeavored to perform the duties placed upon us by Congress in its creation of our committee. We feel confident we have worked out a sound, scientific, and simple plan. We believe our suggested rates are certainly not too high from a governmental standpoint though they may be too low from a railroad standpoint. They are as near equitable as we can demonstrate by means of the data available. We herewith respectfully submit a concrete bill, so correlated that it should be adopted in its entirety. The elimination of any of its features, or modifications of same, will in our opinion materially affect the benefits incident to the adoption of the bill as a whole."

### COMMITTEE BILL.

A BILL Authorizing and directing the Postmaster General to readjust the compensation of steam railroad companies for the transportation of mail.

SECTION 1. From January first, nineteen hundred and fifteen, or from an earlier date if practicable, the Postmaster General is authorized and directed to readjust the compensation to be paid steam railroad companies for the transportation of mail on passenger trains, mixed trains, mail trains, or cabooses of freight trains, and for services connected therewith at the rates hereinafter named: Provided, That where two or more railroads have varying distances between the same points, the compensation for the longer distances may be reduced

to that of the shortest distance by mutual agreement between the Postmaster General and the railroad companies.

SEC. 2. The Postmaster General may authorize mail service of the following five classes, namely: Full railway post-office car service, apartment railway post-office car service, storage-car service, closed-pouch service, and side and transfer service.

Full railway post-office cars and storage cars shall be of a standard length of sixty feet, inside measurement: Provided, That thirty or fifteen feet of space may be authorized for the round trip in baggage cars, at the respective rates hereinafter named for thirty or fifteen-foot apartment cars. Apartment cars shall be of two standard lengths, namely, thirty feet and fifteen feet, inside measurements. Closed-pouch mail service shall be the transportation of mail in pouches, bags, or hampers in custody of railroad employees on trains on which no full railway post-office cars or apartment cars are authorized. Closed-pouch service may be authorized in units of three linear feet or seven linear feet, inside measurements: Provided, That not more than seven linear feet of space shall be authorized on any one train at the rates hereinafter specified for closed-pouch service. Side and transfer service shall be the transportation of mail between railroad stations and post offices supplied therefrom and between railroad stations.

Authorizations of railway post-office cars, apartment cars, and storage cars herein provided for shall be for the round trip of the car and the maximum space authorized in one direction shall be determinative of the space to be paid for in the opposite direction, unless otherwise agreed upon between the Postmaster General and the railroad company in any particular case: Provided, That authorizations may be changed only at points where the switching of cars into or out of trains would not delay the running of such trains: and Provided further, That not more than one apartment car shall be authorized on any one train. Authorizations for mail service under this Act may be made upon any passenger or mixed train scheduled for public use, or upon the caboose of any freight train, and fast-mail trains may be contracted for at rates not exceeding those hereinafter named.

SEC. 3. Service by railway post-office, apartment, and storage cars shall include the carriage therein of all mail matter, equipment, and supplies for the mail service: Provided, That the Postmaster General is authorized to return to the mail, when practicable for the utilization of car space paid for and not needed for the mails, postal cards, stamped envelopes, newspaper wrappers, empty mail bags, equipment, and other supplies of the postal service. The rates fixed by this Act shall also cover the transportation of persons who are discharging official duties in connection with the Railway Mail Service.

Such persons shall include clerks handling mail in cars, clerks traveling from their homes to the beginning of a mail run to which they have been assigned or to their homes from such mail run, and all other persons while discharging official duties as inspectors or supervisors of the Railway Mail Service or in any other manner assigned to duty in the administration of such service.

The rates provided for herein shall further cover expenses of delivering within and receiving mails at car doors and the switching, lighting, heating, furnishing of suitable drinking water, and cleaning of mail cars. Railroad companies carrying the mails shall furnish reasonable facilities for caring for and handling them while in their custody. They shall furnish all cars or parts of cars used in the transportation and distribution of the mails, except as herein otherwise provided, and place them in stations before the departure of trains at and for such reasonable time as the department may require. They shall also provide reasonable station space and rooms for handling and transfer of mails in transit, and for offices and rooms for the employes of the Postal Service engaged in such transportation, when required by the Postmaster General.

SEC. 4. Standard specifications shall be prepared by the Postmaster General for the construction and fittings of full railway post-office cars, thirty-foot apartment cars, fifteen-foot apartment cars, and storage cars, and the rates herein named shall apply only to cars constructed and fitted in accordance with such standards: Provided, That whenever a railroad company is unable to furnish standard cars or apartments of the length requested, the Postmaster General may accept cars of lesser length if sufficient for the needs of the service, and pay only for the actual space furnished, the compensation to be a pro rata of that provided for by this Act for the standard lengths requested: and Provided further, That the Postmaster General may accept cars and apartments of greater length than those of the standard requested, but no compensation shall be allowed for such excess lengths.

SEC. 5. The rates of payment for the services authorized in accordance with this Act shall be as follows, namely:

For full railway post-office car service, a terminal charge of $8.50 for each round trip, or $4.25 for each single trip, of a sixty-foot car, irrespective of the distance run, and in addition thereto a line charge at the rate of 21 cents per mile run.

For thirty-foot railway post office apartment-car service, a terminal charge of $5.50 for each round trip, or $2.75 for each single trip, of a thirty-foot apartment car, irrespective of the distance run, and in addition thereto a line charge at the rate of 11 cents per mile run.

For fifteen-foot railway post office apartment-car service, a terminal charge of $4 for each round trip, or $2 for each single trip, of a fifteen-foot apartment car, irrespective of distance run, and in addition thereto a line charge at the rate of 6 cents per mile run.

For closed-pouch service, when a three-foot unit is authorized, a terminal charge of 50 cents for a round trip, or 25 cents for a single trip, irrespective of the distance run, and in addition thereto a line charge at the rate of 1½ cents per mile for the authorized number of miles. When a seven-foot unit is authorized, a terminal charge of $1 for a round trip, or 50 cents for a single trip, irrespective of the distance run, and in addition thereto a line charge at the rate of 3 cents per mile for the authorized number of miles.

For storage-car service a terminal charge of $8.50 for each round trip, or $4.25 for each single trip, of a sixty-foot car, irrespective of the distance run, and in addition thereto a line charge at the rate of 21 cents per mile run.

Payment for side and transfer service shall not be covered by the rates named herein.

The Postmaster General is authorized to provide, in his descretion, by regulation screen or other wagon, automobile, or mail messenger service under existing law, or to contract with the railroad company or with other persons for the performance of such service at the lowest rates obtainable.

SEC. 6. Railroad companies whose railroads were constructed in whole or in part by a land grant made by Congress on condition that the mail should be transported over their roads at such price as Congress should by law direct shall receive only eighty per centum of the compensation which would otherwise be authorized by this Act.

SEC. 7. After the rates specified in this Act shall have been in effect for a period of two years, the Interstate Commerce Commission shall, whenever requested by the Postmaster General or by the representatives of railroads with an aggregate mileage of at least twenty-five per centum of the mileage of railroads carrying mail, make an investigation of the justice and reasonableness of rates then in effect, grant hearings to parties in interest, and report to Congress at the earliest practicable date thereafter the results of such investigation, making specific findings as to whether the rates fixed herein should be increased or decreased, and if either, how much. Such report shall show for each steam railroad operating company, if practicable, the amount of mail service rendered, the cost of performing same, and a comparison of the earnings of such railroad company from mail traffic with those from express traffic and other passenger-train traffic. For

the purpose of such investigations the Interstate Commerce Commission shall have all powers which it is now authorized to exercise in the investigation of the reasonableness of rates, and the Postmaster General shall supply such information regarding the mail service as may be requested by the Interstate Commerce Commission.

SEC. 8. All laws or parts of laws prescribing fines on railroad companies for failing or refusing to perform mail service and furnishing facilities therefor when required by the Postmaster General are continued in force and made applicable to this Act.

Railroad companies carrying the mails shall submit under oath, when and in such forms as may be required by the Postmaster General, evidence as to the performance of service.

SEC. 9. It shall be unlawful for any railroad company to refuse to perform mail service at the rates of compensation specified in this Act when required by the Postmaster General so to do, and for every such offense it shall be fined not exceeding $5,000. Each day of refusal shall constitute a separate offense.

SEC. 10. All laws or parts of laws in conflict with the provisions of this Act are hereby repealed. The unexpended balances of the appropriations for inland transportation by railroad routes and for railway post-office car service by Act of March ninth, nineteen hundred and fourteen, making appropriations for the service of the Post Office Department for the fiscal year ending June thirtieth, nineteen hundred and fifteen, and for other purposes, are hereby made available for the purposes of this Act.

## EXHIBIT D

## A COPY OF THE BILL RECOMMENDED BY THE POST OFFICE DEPARTMENT, KNOWN AS THE MOON BILL, OR MOON RIDER.

(Reprint from H. R. 19906 63rd Congress, 3rd Session.)

SEC. 10. That the Postmaster General is authorized and directed to readjust the compensation to be paid to railroad companies from and after the thirtieth day of June, nineteen hundred and fifteen, or as soon thereafter as may be practicable, for the transportation and handling of the mails and furnishing facilities and services in connection therewith upon the conditions and at the rates hereinafter provided.

The Postmaster General may state railroad mail routes and authorize mail service thereon of the following four classes, namely: Full railway post-office car service, apartment railway post-office car service, storage-car service, and closed-pouch service.

Full railway post-office car mail service shall be service by cars forty feet or more in length, constructed, fitted up, and maintained for the distribution of mails on trains. The authorizations of full railway post-office cars shall be for standard-sized cars sixty feet in length, inside measurement, except as hereinafter provided.

Apartment railway post-office car mail service shall be service by apartments less than forty feet in length in cars constructed, fitted up, and maintained for the distribution of mails on trains. Two standard sizes of apartment railway post-office cars may be authorized and paid for, namely, apartments fifteen feet and thirty feet in length, inside measurement, except as hereinafter provided.

Storage-car mail service shall be service by cars used for the storage and carriage of mails in transit other than by full and apartment railway post-office cars. The authorizations for storage cars shall be for cars sixty feet in length, inside measurement, except as hereinafter provided: Provided, That less than sixty feet of storage space may be authorized in baggage cars.

Service by full and apartment railway post-office cars and storage cars shall include the carriage therein of all mail matter, equipment, and supplies for the mail service and the employees of the Postal Service or Post Office Department as shall be directed by the Postmaster General to be so carried.

Closed-pouch mail service shall be the transportation and handling by railroad employees of mails on trains on which full or apartment railway post-office cars are not authorized, except as hereinbefore provided.

The rates of payment for the services authorized in accordance with this act shall be as follows, namely:

For full railway post-office car mail service at not exceeding 21 cents for each mile of service by a sixty-foot car.

In addition thereto he may allow not exceeding $2 as an initial rate and the same as a terminal rate for each one-way trip of a sixty-foot car.

For apartment railway post-office car mail service at not exceeding 10½ cents for each mile of service by a thirty-foot apartment car and 5½ cents for each mile of service by a fifteen-foot apartment car.

In addition thereto he may allow not exceeding $1 as an initial rate and the same as a terminal rate for each one-way trip of a thirty-foot apartment car and 50 cents as an initial rate and the same as a terminal rate for each one-way trip of a fifteen-foot apartment car.

For storage-car mail service at not exceeding 20 cents for each mile of service by a sixty-foot car.

In addition thereto he may allow not exceeding $2 as an initial rate and the same as a terminal rate for each one-way trip of a sixty-foot car.

Where authorizations are made for cars of the standard lengths of sixty, thirty, and fifteen feet, as provided by this Act, and the railroad company is unable to furnish such cars of the length authorized, but furnishes cars of lesser length than those authorized, but which are determined by the department to be sufficient for the service, the Postmaster General may accept the same and pay only for the actual space furnished and used, the compensation to be not exceeding pro rata of that provided by this Act for the standard length so authorized: Provided, That the Postmaster General may accept cars and apartments of greater length than those of the standard requested, but no compensation shall be allowed for such excess lengths.

For closed-pouch service, on routes upon which closed-pouch service only is performed, at not exceeding the rates of compensation provided by existing law for average daily weights of mail carried over the whole route; on routes upon which apartment railway post-office car and closed-pouch services are performed, at not exceeding $20 per mile per annum for each two thousand pounds average daily weight of mails carried, and at pro rata of such rate of compensation for each

one hundred pounds of average daily weight greater or less than two thousand pounds; and on routes upon which full railway post-office car and closed-pouch services or full railway post-office car, apartment-car, and closed-pouch services are performed, at not exceeding $19 per mile per annum for each two thousand pounds average daily weight of mails carried, and at pro rata of such rate of compensation for each one hundred pounds of average daily weight greater or less than two thousand pounds, the average daily weights to be ascertained in every case by the actual weighing of the mails.

The Postmaster General may require railroad companies carrying the mails to deliver them into and take them from the terminal and intermediate post offices and transfer them between railroad stations on their routes without additional compensation, under such regulations as he may deem proper, in cases where he does not provide for such service otherwise: Provided, That the Postmaster General in his discretion may relieve any of the roads of such service.

Railroad companies whose railroads were constructed in whole or in part by a land grant made by Congress, on the condition that the mails should be transported over their roads at such price as Congress should by law direct, shall receive only eighty per centum of the compensation otherwise authorized by this act.

The initial and terminal rates provided for herein shall cover expenses of loading and unloading mails, switching, lighting, heating, cleaning mail cars, and all other expenses incidental to station service and required by the Postmaster General in connection with the mails that are not included in the car-mile rate. The allowance for full railway post-office cars, apartment railway post-office cars, and storage cars may be varied in accordance with the approximate difference in their respective cost of construction and maintenance.

For the purpose of ascertaining the average weight of closed-pouch mails per day upon which to adjust compensation, the Postmaster General is authorized and directed to have such mails carried on the several routes weighed by the employees of the Post Office Department for such a number of successive days, not less than thirty-five, at such times after the passage of this Act, as he may direct, and not less frequently than once in every year thereafter, the result to be stated and certified in such form and manner as he may direct. In computing the average weight of mails per day carried on a railroad route, the whole number of days included in the weighing period shall be used as a divisor. The expense of taking the weights of mails and the compensation to tabulators and clerks employed in connection with the weighings, for assistance in completing computations, and of rentals, if necessary, in Washington, District of Columbia, shall be

paid out of the appropriation for inland transportation by railroad routes.

In computing the car miles of the full railway post-office cars and apartment railway post-office cars, the maximum space authorized in either direction of a round-trip car run shall be regarded as the space to be computed in both directions, unless otherwise mutually agreed upon.

In computing the car miles of storage cars, the maximum space authorized in either direction of a round-trip car run shall be regarded as the space to be computed in both directions, unless the car be used by the company in the return movement, or otherwise mutually agreed upon.

New service and additional service may be authorized at not exceeding the rates herein provided, and service may be reduced or discontinued with pro rata reductions in pay, as the needs of the Postal Service may require: Provided, That no additional pay shall be allowed for additional closed-pouch service on established routes until the next regular readjustment of pay therefor on such routes, and no additional pay shall be allowed for additional car service unless specifically authorized by the Postmaster General.

All cars or parts of cars used for the railway mail service shall be of such construction, style, length, and character, and furnished in such manner as shall be required by the Postmaster General, and shall be constructed, fitted up, maintained, heated, lighted, and cleaned by and at the expense of the railroad companies. No pay shall be allowed for service by any railway post-office car which is not sound in material and construction and which is not equipped with sanitary drinking-water containers and toilet facilities, nor unless such car is regularly and thoroughly cleaned. No pay shall be allowed for service by any wooden full railway post-office car unless constructed substantially in accordance with the most approved plans and specifications of the Post Office Department for such type of cars, nor for service by any wooden full railway post-office car run in any train between adjoining steel cars, or between the engine and a steel car adjoining. After the first of July, nineteen hundred and seventeen, the Postmaster General shall not approve or allow to be used, or pay for service by, any full railway post-office car not constructed of steel or steel underframe or equally indestructible material, and not less than twenty-five per centum of the full railway post-office cars of a railway company not conforming to these provisions on August twenty-fourth, nineteen hundred and twelve, shall be replaced with cars constructed of steel annually after June, nineteen hundred and thirteen; and all full railway post-office cars accepted for this service and contracted for by the

railroad companies hereafter shall be constructed of steel. Until July first, nineteen hundred and seventeen, in cases of emergency and in cases where the necessities of the service require it, the Postmaster General may provide for service by full railway post-office cars of other than steel or steel underframe construction, and fix therefor such rate of compensation within the maximum herein provided as shall give consideration to the inferior character of construction, and the railroad companies shall furnish service by such cars at such rates so fixed.

Service over property owned or controlled by another company or a terminal company shall be considered service of the railroad company using such property and not that of the other or terminal company: Provided, That service over a land-grant road shall be paid for as herein provided.

Railroad companies carrying the mails shall furnish all necessary facilities for caring for and handling them while in their custody. They shall furnish all cars or parts of cars used in the transportation and distribution of the mails, except as is herein otherwise provided, and place them in stations before the departure of trains at such times and when required to do so. They shall provide station space and rooms for handling, distribution, and transfer of mails in transit, and for offices and rooms for the employees of the Postal Service engaged in such transportation, when required by the Postmaster General.

Every railroad company carrying the mails shall carry on any train it operates and without extra charge therefor the persons in charge of the mails, and when on duty and traveling to and from duty, and all duly accredited agents and officers of the Post Office Department and the Postal Service, while traveling on official business, upon the exhibition of their credentials.

If any railroad company carrying the mails shall fail or refuse to provide cars or apartments in cars for distribution purposes when required by the Postmaster General, or shall fail or refuse to construct, fit up, maintain, heat, light, and clean such cars and provide such appliances for use in case of accident as may be required by the Postmaster General, it shall be fined such reasonable sum as may, in the discretion of the Postmaster General, be deemed proper.

The Postmaster General shall in all cases decide upon what trains and in what manner the mails shall be conveyed. Every railroad company carrying the mails shall carry on any train it operates and with due speed all mailable matter, equipment, and supplies directed to be carried thereon. If any such railroad company shall fail or refuse to transport the mails, equipment, and supplies when required by the Postmaster General on any train or trains it operates, such company

shall be fined such reasonable amount as may, in the discretion of the Postmaster General, be deemed proper.

The Postmaster General may make deductions from the pay of railroad companies carrying the mails under the provisions of this Act for reduction in service or in frequency of service where, in his judgment, the importance of the facilities withdrawn or reduced requires it, and impose fines upon them for delinquencies. He may deduct the price of the value of the service in cases where it is not performed, and not exceeding three times its value if the failure be occasioned by the fault of the railroad company.

The provisions of this section shall apply to service operated by railroad companies partly by railroad and partly by steamboats.

The provisions of this section respecting the rates of compensation shall not apply to mails conveyed under special arrangement in freight trains, for which rates not exceeding the usual and just freight rates may be paid, in accordance with the classifications and tariffs approved by the Interstate Commerce Commission.

Railroad companies carrying the mails shall submit, under oath, when, and in such form as may be required by the Postmaster General, evidence as to the performance of service.

The Postmaster General is authorized to employ such clerical and other assistance as shall be necessary to carry out the provisions of this section, and to rent quarters in Washington, District of Columbia, if necessary, for the clerical force engaged thereon, and to pay for the same out of the appropriation for inland transportation by railroad routes, and hereafter detailed estimates shall be submitted for such services in the annual Book of Estimates.

The Postmaster General shall, from time to time, request information from the Interstate Commerce Commission as to the revenue received by railroad companies from express companies for services rendered in the transportation of express matter, and may, in his discretion, arrange for the transportation of mail matter other than of the first class at rates not exceeding those so ascertained and reported to him, and it shall be the duty of the railroad companies to carry such mail matter at such rates fixed by the Postmaster General.

The Postmaster General is authorized, in his discretion, to petition the Interstate Commerce Commission for the determination of a postal carload or less-than-carload rate for transportation of mail matter of the fourth class and periodicals, and may provide for and authorize such transportation, when practicable, at such rates, and it shall be the duty of the railroad companies to provide and perform such service at such rates and on the conditions prescribed by the Postmaster General.

The Postmaster General may, in his discretion, distinguish between the several classes of mail matter and provide for less frequent dispatches of mail matter of the third and fourth classes and periodicals, when lower rates for transportation or other economies may be secured thereby without material detriment to the service.

The Postmaster General is authorized to return to the mails, when practicable for the utilization of car space paid for and not needed for the mails, postal cards, stamped envelopes, newspaper wrappers, empty mail bags, furniture, equipment, and other supplies for the Postal Service.

The Postmaster General, in cases of emergency between October first and April first of any year, may hereafter return to the mails empty mail bags and other equipment theretofore withdrawn therefrom as required by law, and where such return requires additional authorization of car space under the provisions of this section to pay for the transportation thereof as provided for herein out of the appropriation for inland transportation by railroad routes.

The Postmaster General may have the weights of mail taken on railroad mail routes and computations of the average loads of the several classes of cars and other computations for statistical and administrative purposes made at such times as he may elect, and pay the expense thereof out of the appropriation for inland transportation by railroad routes.

It shall be unlawful for any railroad company to refuse to perform mail service at the rates of compensation provided by law when and for the period required by the Postmaster General so to do, and for every such offense it shall be fined not exceeding $5,000.

That the appropriations for inland transportation by railroad routes and for railway post-office car service for the fiscal year ending June thirtieth, nineteen hundred and sixteen, are hereby made available for the purposes of this section.

SEC. 11. That on account of the increased weight of mails resulting from Postmaster General's order numbered seventy-three hundred and forty-nine, of July twenty-fifth, nineteen hundred and thirteen, respecting rates upon and limit of weight of parcel-post packages in the local, first, and second zones, and effective from August fifteenth, nineteen hundred and thirteen, the Postmaster General is authorized to add to the compensation paid for transportation on railroad routes on and after August fifteenth, nineteen hundred and thirteen, for the remainder of the contract terms, not exceeding one-half of one per centum thereof per annum.

SEC. 12. That on account of the increased weight of mails resulting from Postmaster General's orders numbered seventy-seven hundred and twenty and seventy-seven hundred and twenty-one, of December eighteenth, nineteen hundred and thirteen, respecting rates upon and limit of weight of parcel-post packages, and admitting books to the parcel-post classification, the Postmaster General is authorized to add to the compensation paid for transportation on railroad routes on and after January first, nineteen hundred and fourteen, for the remainder of the contract terms, not exceeding one per centum thereof per annum.

## EXHIBIT E

## A COPY OF THE MOON, OR POST OFFICE DEPARTMENT, BILL AS FINALLY AGREED TO IN CONFERENCE ON THE NIGHT OF MARCH 3, 1915, BUT WHICH BILL FAILED TO PASS.

(Extract from Congressional Record March 15, 1915, Page 6581.)

SEC. 10. That the Postmaster General is authorized and directed to readjust the compensation to be paid to railroad companies from and after the 30th day of June, 1915, or as soon thereafter as may be practicable, for the transportation and handling of the mails and furnishing facilities and services in connection therewith upon the conditions and at the rates hereinafter provided.

The Postmaster General may state railroad mail routes and authorize mail service thereon of the following four classes, namely: Full railway post-office car service, apartment railway post-office car service, storage-car service, and closed-pouch service.

Full railway post-office car mail service shall be service by cars 40 feet or more in length, constructed, fitted up, and maintained for the distribution of mails on trains. The authorizations of full railway post-office cars shall be for standard-sized cars 60 feet in length, inside measurement, except as hereinafter provided.

Apartment railway post-office car mail service shall be service by apartments less than 40 feet in length in cars constructed, fitted up, and maintained for the distribution of mails on trains. Two standard sizes of apartment railway post-office cars may be authorized and paid for, namely, apartments 15 feet and 30 feet in length, inside measurement, except as hereinafter provided.

Storage-car mail service shall be service by cars used for the storage and carriage of mails in transit other than by full and apartment railway post-office cars. The authorizations for storage cars shall be for cars 60 feet in length, inside measurement, except as hereinafter provided: Provided, That less than 60 feet of storage space may be authorized in baggage cars.

Service by full and apartment railway post-office cars and storage cars shall include the carriage therein of all mail matter, equipment, and supplies for the mail service and the employes of the Postal Service or Post Office Department as shall be directed by the Postmaster General to be so carried.

Closed-pouch mail service shall be the transportation and handling by railroad employes of mails on trains on which full or apartment railway post-office cars are not authorized, except as hereinbefore provided.

The rates of payment for the services authorized in accordance with this Act shall be as follows, namely:

For full railway post-office car mail service at not exceeding 21 cents for each mile of service by a 60-foot car.

In additon thereto he may allow not exceeding $2 as an initial rate and the same as a terminal rate for each one-way trip of a 60-foot car.

For apartment railway post-office car mail service at not exceeding 11 cents for each mile of service by a 30-foot apartment car and 6 cents for each mile of service by a 15-foot apartment car.

In addition thereto he may allow not exceeding $1 as an initial rate and the same as a terminal rate for each one-way trip of a 30-foot apartment car and 50 cents as an initial rate and the same as a terminal rate for each one-way trip of a 15-foot apartment car.

For storage-car mail service at not exceeding 20 cents for each mile of service by a 60-foot car.

In addition thereto he may allow not exceeding $2 as an initial rate and the same as a terminal rate for each one-way trip of a 60-foot car.

Where authorizations are made for cars of the standard lengths of 60, 30, and 15 feet, as provided by this Act, and the railroad company is unable to furnish such cars of the length authorized, but furnishes cars of lesser length than those authorized, but which are determined by the department to be sufficient for the service, the Postmaster General may accept the same and pay only for the actual space furnished and used, the compensation to be not exceeding pro rata of that provided by this Act for the standard length so authorized: Provided, That the Postmaster General may accept cars and apartments of greater length than those of the standard requested, but no compensation shall be allowed for such excess lengths.

For closed-pouch service, on routes upon which closed-pouch service only is performed, at not exceeding the rates of compensation, provided by existing law for average daily weights of mail carried over the whole route; on routes upon which apartment railway post-office car and closed-pouch services are performed, at not exceeding $20 per mile per annum for each 2,000 pounds average daily weight of mails carried, and at pro rata of such rate of compensation for each 100

pounds of average daily weight greater or less than 2,000 pounds; and on routes upon which full railway post-office car and closed-pouch services or full railway post-office car, apartment-car, and closed-pouch services are performed, at not exceeding $19 per mile per annum for each 2,000 pounds average daily weight of mails carried, and at pro rata of such rate of compensation for each 100 pounds of average daily weight greater or less than 2,000 pounds, the average daily weights to be ascertained in every case by the actual weighing of the mails.

The Postmaster General may require railroad companies carrying the mails to deliver them into and take them from the terminal and intermediate post offices and transfer them between railroad stations on their routes without additional compensation, under such regulations as he may deem proper, in cases where he does not provide for such service otherwise: Provided, That the Postmaster General in his discretion may relieve any of the roads of such service.

Railroad companies whose railroads were constructed in whole or in part by a land grant made by Congress, on the condition that the mails should be transported over their roads at such price as Congress should by law direct, shall receive only 80 per cent of the compensation otherwise authorized by this Act.

The initial and terminal rates provided for herein shall cover expenses of loading and unloading mails, switching, lighting, heating, cleaning mail cars, and all other expenses incidental to station service and required by the Postmaster General in connection with the mails that are not included in the car-mile rate. The allowance for full railway post-office cars, apartment railway post-office cars, and storage cars may be varied in accordance with the approximate difference in their respective cost of construction and maintenance.

For the purpose of ascertaining the average weight of closed-pouch mails per day upon which to adjust compensation, the Postmaster General is authorized and directed to have such mails carried on the several routes weighed by the employes of the Post Office Department for such a number of successive days, not less than 35, at such times after the passage of this Act, as he may direct, and not less frequently than once in every year thereafter, the result to be stated and certified in such form and manner as he may direct. In computing the average weight of mails per day carried on a railroad route, the whole number of days included in the weighing period shall be used as a divisor. The expense of taking the weights of mails and the compensation to tabulators and clerks employed in connection with the weighings, for assistance in completing computations, and of rentals, if necessary, in Washington, D. C., shall be paid out of the appropriation for inland transportation by railroad routes.

In computing the car miles of the full railway post-office cars and apartment railway post-office cars, the maximum space authorized in either direction of a round-trip car run shall be regarded as the space to be computed in both directions, unless otherwise mutually agreed upon.

In computing the car miles of storage cars, the maximum space authorized in either direction of a round-trip car run shall be regarded as the space to be computed in both directions, unless the car be used by the company in the return movement, or otherwise mutually agreed upon.

New service and additional service may be authorized at not exceeding the rates herein provided, and service may be reduced or discontinued with pro rata reductions in pay, as the needs of the Postal Service may require: Provided, That no additional pay shall be allowed for additional closed-pouch service on established routes until the next regular readjustment of pay therefor on such routes, and no additional pay shall be allowed for additional car service unless specifically authorized by the Postmaster General.

All cars or parts of cars used for the Railway Mail Service shall be of such construction, style, length, and character, and furnished in such manner as shall be required by the Postmaster General, and shall be constructed, fitted up, maintained, heated, lighted, and cleaned by and at the expense of the railroad companies. No pay shall be allowed for service by any railway post-office car which is not sound in material and construction and which is not equipped with sanitary drinking-water containers and toilet facilities, nor unless such car is regularly and thoroughly cleaned. No pay shall be allowed for service by any wooden full railway post-office car unless constructed substantially in accordance with the most approved plans and specifications of the Post Office Department for such type of cars, nor for service by any wooden full railway post-office car run in any train between adjoining steel cars, or between the engine and a steel car adjoining. After the 1st of July, 1917, the Postmaster General shall not approve or allow to be used, or pay for service by, any full railway post-office car not constructed of steel or steel underframe or equally indestructible material, and not less than 25 per cent of the full railway post-office cars of a railway company not conforming to these provisions on August 24, 1912, shall be replaced with cars constructed of steel annually after June, 1913; and all full railway post-office cars accepted for this service and contracted for by the railroad companies hereafter shall be constructed of steel. Until July 1, 1917, in cases of emergency and in cases where the necessities of the service require it, the Postmaster General may provide for service by full railway

post-office cars of other than steel or steel underframe construction, and fix therefor such rate of compensation within the maximum herein provided as shall give consideration to the inferior character of construction, and the railroad companies shall furnish service by such cars at such rates so fixed.

Service over property owned or controlled by another company or a terminal company shall be considered service of the railroad company using such property and not that of the other or terminal company: Provided, That service over a land-grant road shall be paid for as herein provided.

Railroad companies carrying the mails shall furnish all necessary facilities for caring for and handling them while in their custody. They shall furnish all cars or parts of cars used in the transportation and distribution of the mails, except as is herein otherwise provided, and place them in stations before the departure of trains at such times and when required to do so. They shall provide station space and rooms for handling, distribution, and transfer of mails in transit, and for offices and rooms for the employes of the Postal Service engaged in such transportation, when required by the Postmaster General.

Every railroad company carrying the mails shall carry on any train it operates and without extra charge therefor the persons in charge of the mails, and when on duty and traveling to and from duty, and all duly accredited agents and officers of the Post Office Department and the Postal Service, while traveling on official business, upon the exhibition of their credentials.

If any railroad company carrying the mails shall fail or refuse to provide cars or apartments in cars for distribution purposes when required by the Postmaster General, or shall fail or refuse to construct, fit up, maintain, heat, light, and clean such cars and provide such appliances for use in case of accident as may be required by the Postmaster General, it shall be fined such reasonable sum as may, in the discretion of the Postmaster General, be deemed proper.

The Postmaster General shall in all cases decide upon what trains and in what manner the mails shall be conveyed. Every railroad company carrying the mails shall carry on any train it operates and with due speed all mailable matter, equipment, and supplies directed to be carried thereon. If any such railroad company shall fail or refuse to transport the mails, equipment, and supplies when required by the Postmaster General on any train or trains it operates, such company shall be fined such reasonable amount as may, in the discretion of the Postmaster General, be deemed proper.

The Postmaster General may make deductions from the pay of railroad companies carrying the mails under the provisions of this Act for reduction in service or in frequency of service where, in his judgment, the importance of the facilities withdrawn or reduced requires it, and impose fines upon them for delinquencies. He may deduct the price of the value of the service in cases where it is not performed, and not exceeding three times its value if the failure be occasioned by the fault of the railroad company.

The provisions of this section shall apply to service operated by railroad companies partly by railroad and partly by steamboats.

The provisions of this section respecting the rates of compensation shall not apply to mails conveyed under special arrangement in freight trains, for which rates not exceeding the usual and just freight rates may be paid, in accordance with the classifications and tariffs approved by the Interstate Commerce Commission.

Railroad companies carrying the mails shall submit, under oath, when, and in such form as may be required by the Postmaster General, evidence as to the performance of service.

The Postmaster General is authorized to employ such clerical and other assistance as shall be necessary to carry out the provisions of this section, and to rent quarters in Washington, D. C., if necessary, for the clerical force engaged thereon, and to pay for the same out of the appropriation for inland transportation by railroad routes, and hereafter detailed estimates shall be submitted for such services in the annual Book of Estimates.

The Postmaster General shall, from time to time, request information from the Interstate Commerce Commission as to the revenue received by railroad companies from express companies for services rendered in the transportation of express matter, and may, in his discretion, arrange for the transportation of mail matter other than of the first class at rates not exceeding those so ascertained and reported to him, and it shall be the duty of the railroad companies to carry such mail matter at such rates fixed by the Postmaster General.

The Postmaster General is authorized, in his discretion, to petition the Interstate Commerce Commission for the determination of a postal carload or less-than-carload rate for transportation of mail matter of the fourth class and periodicals, and may provide for and authorize such transportation, when practicable, at such rates, and it shall be the duty of the railroad companies to provide and perform such service at such rates and on the conditions prescribed by the Postmaster General.

The Postmaster General may, in his discretion, distinguish between the several classes of mail matter and provide for less frequent dispatches of mail matter of the third and fourth classes and periodicals, when lower rates for transportation or other economies may be secured thereby without material detriment to the service.

The Postmaster General is authorized to return to the mails, when practicable for the utilization of car space paid for and not needed for the mails, postal cards, stamped envelopes, newspaper wrappers, empty mail bags, furniture, equipment, and other supplies for the Postal Service.

The Postmaster General, in cases of emergency between October 1 and April 1 of any year, may hereafter return to the mails empty mail bags and other equipment theretofore withdrawn therefrom as required by law, and where such return requires additional authorization of car space under the provisions of this section to pay for the transportation thereof as provided for herein out of the appropriation for inland transportation by railroad routes.

The Postmaster General may have the weights of mail taken on railroad mail routes and computations of the average loads of the several classes of cars and other computations for statistical and administrative purposes made at such times as he may elect, and pay the expense thereof out of the appropriation for inland transportation by railroad routes.

It shall be unlawful for any railroad company to refuse to perform mail service at the rates of compensation provided by law when and for the period required by the Postmaster General so to do, and for every such offense it shall be fined not exceeding $5,000.

That the appropriations for inland transportation by railroad routes and for railway post-office car service for the fiscal year ending June 30, 1916, are hereby made available for the purposes of this section.

That after the rates specified in this Act shall have been in effect for a period of one year, the Interstate Commerce Commission shall, whenever requested by the Postmaster General or by the representatives of railroads with an aggregate mileage of at least 51 per cent of the mileage of railroads carrying mail, make an investigation of the justice and reasonableness of rates then in effect, grant hearings to parties in interest, and report to Congress at the earliest practicable date thereafter the results of such investigation, making specific findings as to whether the rates fixed herein should be increased or decreased and if either, how much: Provided further, That such investigations thereafter shall not be made more frequently than

biennially. Such report shall show for each steam railroad operating company if practicable, the amount of mail service rendered, the cost of performing same, and a comparison of the earnings of such railroad company from mail traffic with those from express traffic and other passenger-train traffic. For the purposes of such investigations the Interstate Commerce Commission shall have all powers which it is now authorized to exercise in the investigation of the reasonableness of rates, and the Postmaster General shall supply such information regarding the mail service as may be requested by the Interstate Commerce Commission: Provided further, That the Postmaster General may, in his discretion, make independent investigations and reports.

## Comments Upon the Foregoing Bill

The Moon, or Departmental, bill purports to be a measure through which Congress would, by law, establish a system of paying the railroads for carrying the mails. Upon examination, however, it will be seen that the passage of this bill would really delegate that authority almost wholly to the Postmaster General, and that Congress, itself, would be enacting only two specific provisions, namely:

1. That the Postmaster General *must not* pay the railroads more than certain rates.
2. That the railroads *must* carry the mails.

All other matters, including the character, quality and extent of the service to be rendered, the manner of rendering it and the rates to be paid therefor (within the specified limitations) are left to the personal discretion of the Postmaster General.

There are seven distinct ways in which the Moon bill would permit the Postmaster General to vary the compensation of the railroads for mail transportation.

1. He could make the car-mile rates for mail cars and apartments whatever he chose, "not exceeding" the rates named in the bill.
2. He could, at his option, vary the initial and terminal rates to any extent, "not exceeding" the rates specified in the bill.
3. He could, at his discretion, require any rail-

road to perform, without additional pay, or could, without reduction of pay, exempt any railroad from, the services usually known as "side, transfer and terminal messenger services."

4. He could vary, to whatever extent his personal judgment dictated, the initial and terminal rates for mail cars and apartments, to correspond with differences in the cost of construction and maintenance.

5. He could require the railroads to carry the mails, other than first class, at the rates received for handling express matter, in those cases where express revenues are the lower, without being obliged to pay the express rates in the cases where they are higher than the mail rates. Thus he would be permitted to ignore the essential differences between the mail and express services.

6. He could petition the Interstate Commerce Commission for carload and less-than-carload rates for fourth-class matter, and substitute such rates for the mail rates.

7. He could, at his discretion, arrange "less frequent dispatches" for third- and fourth-class mail, and pay lower rates than those allowed for first- and second-class mail.

* * * *

In addition, the Post Office appropriation bill, to which the Moon bill was attached as a rider, contained a section repealing the Act of August 24, 1912, by which Congress had forbidden the extension of the "Blue Tag" order. This order, issued by the Post Office Department, and effective September 1, 1911, transferred certain periodicals and magazines from the mails to freight in the Third Contract Section, and, effective July 1, 1912, in the Second Contract Section. Repeal of the Act of August 24, 1912, would have permitted the Postmaster General to extend this practice to the other two mail contract sections of the country and would have provided an eighth way in which he could, in his personal

discretion, vary the payments to the railroads for carrying the mails, and the character of the service required.

It should be noted that neither the Moon rider, nor any other section of the appropriation bill, contained any provision requiring the rates paid the railroads to be uniform or reasonable, and that the wide liberty of action which its passage would have vested in the Postmaster General could be exercised, as far as the terms of this proposed law are concerned, in such a manner as to discriminate, to almost any extent, between different railroad companies, by paying dissimilar rates for the same service, or by requiring different qualities of service at the same rates.

Under the terms of such a law it would be impossible for the management of any railroad to know even approximately what revenue it might count upon receiving from mail transportation.

VI

# Chronology of the Laws, Practices and Inquiries Affecting Railway Mail Pay

1838, July 7. Congress enacted the first law regulating the pay for carrying mail on railroads. This law provided that the pay should not exceed 25 per cent. more than similar service would cost in stage coaches.

1839, January 25. Law enacted limiting the pay to $300 per mile per annum.

1845, March 3. The rates for mail pay were divided into three classes, paying respectively $300, $100 and $50 per mile per annum, and these rates, as fixed by the Act of 1845, continued in effect until June 30, 1873.

1873, March 3. Enactment of law (still in effect) fixing the method of paying railroad companies for mail transportation according to the average daily weight of mail carried, with a descending scale of rates; also providing a supplementary rate on routes where whole cars were used as traveling post offices.

1875, March 3. Law enacted requiring the Postmaster General to have the mails weighed, stated and verified by employes of the Post Office Department in a manner just to the Post Office Department and the railroad companies, and to pay the expenses of such weighing out of the appropriation for railway mail transportation.

1876, July 12. Law passed reducing rates for mail transportation 10 per cent.

1878, April. The Hubbard Commission (appointed by Congress) reported in favor of a new method of paying railroad companies, based on space limited by the average weight carried.

1878, June, 17. Law passed reducing rates for mail transportation 5 per cent.

1879, March 3. Law enacted providing that "The Postmaster General shall request all railroad companies transporting the mails to furnish, under seal, such data relating to the operating, receipts, and expenditures of such roads as may, in his judgment, be deemed necessary to enable him to ascertain the cost of mail transportation and the proper compensation to be paid for the same; and he shall, in his annual report to Congress, make such recommendations, founded on the information obtained under this section, as shall in his opinion be just and equitable."

1883, March 3. Law enacted requiring Postmaster General to make thorough investigation into the railway mail service and report a more complete system of gauging the rates of pay for carrying the mails on railroad routes.

1883, December 3. Postmaster General reported to Congress the findings of the Elmer, Thompson and Slater Commission, proposing a new method of paying the railroad companies based on weight and space. (This report was regarded by the Post Office Department as in some measure a compliance with the law of March 3, 1879.)

1898, January 13. Law enacted appointing a Joint Commission of the House and Senate for the investigation of railway mail pay and other postal subjects.

1901, January 14. This Joint Commission (the Wolcott-Loud Commission) reported to Congress, stating substantially that the railroads were not overpaid for their mail transportation or postal-car service.

1905, March 3. Law enacted requiring the mails to be weighed for not less than 90 successive "working days," instead of for 30 days, as required by the law of 1873.

1906, December 1. Postmaster General Cortelyou, in his annual report, stated that forms of inquiry were being prepared so as to request railroad companies to furnish information in response to the law of March 3, 1879.

1907, March 2. Law enacted reducing pay of railroad companies for mail transportation 5 per cent. on all weights over 5000 and up to 48,000 pounds, and 10 per cent. on

all weights over 48,000 pounds; also reducing postal-car pay 8⅔ per cent. for 45-foot cars, 18¾ per cent. for 50-foot cars, and 20 per cent. for cars of 55 feet or over.

1907, June 7. The Postmaster General issued an order changing the divisor used in computing the average daily weight of mails carried, and causing a reduction of one-seventh (14$\frac{2}{7}$ per cent.). The pay of each railroad was correspondingly affected.

1909, December 1. Postmaster General Hitchcock, in his annual report, announced that railroad companies had been requested to furnish the Department with comprehensive data as to cost, etc., as per law of March 3, 1879. This to cover the month of November, 1909.

1911, August 12. Postmaster General Hitchcock transmitted to the 62d Congress, in Document No. 105, the results of the inquiry of November, 1909, holding, substantially, that the railroads were overpaid $9,000,000 per year.

1911, September 1. Post Office Department, by "Blue Tag" order, transferred certain periodicals and magazines from the mails to freight in the Third Contract Section. This order was extended to the Second Contract Section, effective July 1, 1912.

1912, August 24. Joint Congressional Committee on Railway Mail Pay appointed.

1912, August 24. Congress enacted a law establishing the parcel post; further extension of the "Blue Tag" order prohibited; Postmaster General authorized, at his discretion, to readjust pay if mail be diverted from one route to another to the extent of not less than 10 per cent. of the weight on either route; such diversion to be ascertained by a weighing of the mails conducted for such period as the Postmaster General, in his judgment, shall deem to be sufficient.

1913, January 1. Parcel post service inaugurated, with weight limit of eleven pounds, corresponding to the international parcel post.

1913, January 28. Hearings commenced before Joint Congressional Committee.

1913, March 4. Congress enacted a law authorizing the Postmaster General, in his discretion, to grant to railroads on which the mails were not weighed in 1913 an increase in mail pay not exceeding 5 per cent., as compensation for carrying the parcel post; such allowance to be effective from July 1, 1913, until the next quadrennial adjustment of pay.

1913, August 15. Weight limit of the parcel post increased by order of the Postmaster General to 20 pounds in the local, 1st and 2d zones; postage rates reduced in the same zones.

1914, January 1. Weight limit of the parcel post increased to 50 pounds in the local, 1st and 2d zones, and to 20 pounds in the 3d to 8th zones; postage rates reduced in the 3d to 6th zones.

1914, March 16. Books and catalogues admitted to the parcel post.

1914, April 3. Hearings before Joint Congressional Committee closed.

1914, June 4. Moon bill introduced in the House of Representatives. The bill was passed by the House, sent to the Senate and referred to the Senate Post Office Committee.

1914, August 31. The Joint Congressional Committee submitted its report, refuting the charge of overpayment and holding the railroads, on the contrary, entitled to more liberal compensation.

1914, August 31. Joint Congressional Committee bill introduced in Senate and referred to Post Office Committee.

1914, December 14. House Post Office Committee made Moon bill a rider on Post Office appropriation bill, and also provided, in the appropriation bill for a repeal of the Act of August 24, 1912, prohibiting the further extension of the "Blue Tag" order.

1915, March 4. Post Office appropriation bill and Moon rider failed of passage on last day of session. Congress adjourned without having enacted any railway mail pay legislation.